

403(b) Retirement Plan

Self-Employed Minister Participant Handbook



Church Extension Plan

PARTNERS *in* MINISTRY®

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Church Extension Plan

Life Rewards Ministers Retirement Plan

Participant Handbook

Part 1. Welcome to Life Rewards

The Life Rewards retirement benefit program

We are pleased to provide you with this Handbook to the Church Extension Plan Life Rewards Ministers Retirement Plan. Life Rewards® offers you a retirement benefit program that is uniquely tailored to your needs. At the same time, it offers you the opportunity to support the growth of the Assemblies of God fellowship. Life Rewards is administered by Church Extension Plan (“CEP”)—a district-based ministry serving Assemblies of God districts, churches, ministries and constituents.

Life Rewards is a retirement program that is available exclusively to Assemblies of God ministers and the employees of our participating churches and affiliated organizations. Life Rewards is qualified under Internal Revenue Code Section 403(b)(9). This allows you to save for your retirement on a tax-advantaged basis. Life Rewards also gives the organization you are working for the option of making additional, tax-deferred contributions towards your retirement.

The primary purpose of Life Rewards is to help provide you with financial security when you retire. When combined with your other personal savings and Social Security (if you have not elected out of it), Life Rewards can help provide you with the financial independence you will need to enjoy your retirement years. Life Rewards can also be a source of income if you incur a financial hardship or if you need to end your employment or ministry services before the time you planned on retiring. It can also provide survivor benefits to your beneficiaries upon your death.

About this handbook

This Handbook describes the benefits and features of Life Rewards. It also explains your rights and obligations as a Life Rewards participant. In addition, it gives a good overview of the various IRS rules that govern how much can be contributed into Life Rewards for your benefit, when and how you can receive your benefits and how they are taxed.

This Handbook provides general information on the various tax rules that affect your benefits and is furnished to you for educational purposes. It is not offered as legal, tax or financial planning advice. We strongly recommend that you seek the advice of a qualified tax professional and a financial advisor who can take into account your particular circumstances, such as your other investments, tax situation, retirement plans, family needs, health considerations and estate planning objectives. Although we intend to keep the information in this Handbook current, because the tax rules change so often, we cannot promise or guarantee that the information is correct, complete or up-to-date at any given time. Again, we urge you to seek the advice of a qualified professional to help you with these important matters.

This is a summary

We also want to emphasize that this Handbook is only a summary. For your convenience, it highlights some of the most important provisions of Life Rewards. However, for practical reasons, it cannot explain how Life Rewards will work in every possible situation. If there is any conflict between a statement in this Handbook and the official plan documents, the terms of the Life Rewards Plan document will control. You can obtain a copy of the Plan document by contacting the Life Rewards Plan Administrator at the address shown in Part 2 of this Handbook.

Answers to your questions

Please read this Handbook carefully and save it for future reference. It's your first stop for answers about your Life Rewards benefits and how the program works. If you have any questions about Life Rewards after reading this Handbook, please contact the Life Rewards Plan Administrator.

Part 2. Important Names And Numbers

Plan Name:	Church Extension Plan Life Rewards Ministers' Retirement Plan
Plan Type:	403(b)(9) retirement income account plan
Plan Sponsor:	Church Extension Plan (CEP)
Employer Identification Number: <i>CEP's federal tax identification number</i>	93-0446511
Plan Year: <i>Life Rewards fiscal year</i>	January 1 to December 31
Plan Administrator: <i>Handles the daily operations of Life Rewards, keeps records and is available to answer your questions about Life Rewards</i>	Investor Services Team Church Extension Plan (CEP) PO Box 12629 Salem, OR 97309-0629 T (503) 399-0552 (800) 821-1112
Trustee: <i>Responsible for implementing participants' investment directions and managing invested funds</i>	Mark Whitney President Church Extension Plan PO Box 12629 Salem, OR 97309-0629
Agent for Service of Legal Process:	Vincent P. Cacciottoli, Esq. 121 SW Morrison Street, Suite 1010 Portland, OR 97204

Part 3. Overview Of Life Rewards

Q&A 3-1: What Are The Advantages Of Participating In Life Rewards?

In a nutshell, you will benefit from —

- Pre-tax contributions that reduce your income tax
- Tax-deferred investments in CEP's Vision fund or other professionally managed investment fund options
- No reduction of your Social Security benefits (if you haven't opted out)
- Immediate vesting for all contributions
- Your choice of payment options (including lump sum and installment payments, IRA rollovers and, for ministers, tax-free housing allowances)

Q&A 3-2: How Does Life Rewards Work?

In brief —

- You decide how much you want to contribute
- Your contributions reduce your taxable income
- Your employer may also make contributions for you
- You select the investment options you want
- The earnings on your contributions grow on a tax-deferred basis
- You choose from among several benefit payment options
- You pay income tax only when you receive your benefits or no tax for ministers whose benefits are paid as a housing allowance

Q&A 3-3: How Does Contributing To Life Rewards Reduce My Taxes?

Contributing to Life Rewards will save you taxes because neither your own contributions nor any your employer may make for you are included in your taxable income for the year they are made. If income tax withholding is coming out of your paycheck, you will see the tax savings immediately because your withholding is calculated on your pay after your voluntary contributions to Life Rewards are deducted. Also, the earnings on contributions made to Life Rewards will grow on a tax-deferred basis.

Q&A 3-4: Are Contributions Subject To FICA Or SECA?

Lay Employees. If you are a lay employee, your voluntary contributions are included in calculating the FICA taken out of your paycheck. But this means that contributing to Life Rewards will not lower your Social Security benefits. Any contributions your employer makes for you are not subject to FICA, however.

Ministers. If you are a minister, you do not include your voluntary contributions to Life Rewards or any your employer makes for you when you calculate your self-employment tax (SECA).

Q&A 3-5— How Long Are Plan Benefits Tax-deferred?

As long as your money stays in Life Rewards, it is not subject to income tax. This creates the potential for your retirement savings to grow faster than if you were investing in a taxable fund because all of your earnings continue to work for you, rather than being drained off to pay taxes. Your benefits remain tax deferred until they are paid out to you. At that point, your benefits are taxable except for any portion of a minister's benefit that is paid as a tax-free housing allowance. (See Q&A 12-14.)

Q&A 3-6— Will My Contributions To Life Rewards Qualify For The Saver's Tax Credit?

Yes, provided your income doesn't put you over the limit for this credit. If you qualify, you can claim an annual income tax credit on up to \$2,000 of your contributions to Life Rewards. This will give you real tax savings because, since it's a credit and not a deduction, it reduces, dollar-for-dollar, the amount of income tax you owe. (The credit cannot be more than the tax you

owe. That is, if your credit is more than your tax amount, you cannot claim a refund.)

The amount of the credit you can claim depends on your income and your income tax filing status as shown in the following table.

2022 Saver's Credit			
Credit Rate	Married Filing Jointly	Head of Household	All Other Filers*
50% of your contribution	AGI not more than \$41,000	AGI not more than \$30,750	AGI not more than \$20,500
20% of your contribution	\$41,001 - \$44,000	\$30,751 - \$33,000	\$20,501 - \$22,000
10% of your contribution	\$44,001 - \$68,000	\$33,001 - \$51,000	\$22,001 - \$34,000
0% of your contribution	more than \$68,000	more than \$51,000	more than \$34,000

*Single, married filing separate, or qualifying widow(er)

Example: Susan is married and files a joint return with her husband. Their adjusted gross income ("AGI") is \$40,000, but Susan contributes \$4,000 to Life Rewards. Her Life Rewards contributions give her and her husband a double tax savings. First, the contributions reduce their AGI to \$36,000. Then, after they figure the taxes they owe on their \$36,000 of AGI, they can claim the saver's credit. Assuming a 15 percent tax rate, their \$4,000 contribution first saves them \$600 in taxes. Then, in addition, they can claim a saver's credit on 50 percent of her contributions up to \$2,000, which gives them an \$2,000 tax credit. As a result, Susan's \$4,000 Life Rewards contribution reduces their taxes by a total of \$2,600.

Part 4. Eligibility And Participation

Q&A 4-1: Who Is Eligible To Be In Life Rewards?

You are eligible to participate in Life Rewards if you are a "covered employee" employed by a "participating employer" (see Q&As 4-2 and 4-3).

Q&A 4-2: What Is A "Participating Employer?"

A "participating employer" is any one of the following organizations that has adopted Life Rewards for its covered employees—

1. A self-employed licensed or ordained minister of the Assemblies of God
2. An Assemblies of God church.
3. An Assemblies of God affiliate. (This is any IRS-recognized tax-exempt religious organization that either is controlled by an Assemblies of God District Office or by CEP, or that shares common religious convictions with the Assemblies of God.)
4. A District Office of the Assemblies of God or an agency or auxiliary organization of a District.
5. CEP itself or an agency or auxiliary organization of CEP.

If you are unsure whether a particular Assemblies of God-related organization is eligible to participate in Life Rewards, please contact the Life Rewards Plan Administrator. (See Part 2 for the contact information.)

Q&A 4-3: What Is A “Covered Employee?”

You are a covered employee if you are a minister or a lay employee—

1. A licensed or ordained minister of the Assemblies of God (a self-employed minister who is serving as a pastor shall be deemed to be the Employee of his or her church);
2. Receiving W-2 wages from a participating employer; and are employed in a job position that allows for participation in Life Rewards. (Please refer to Section 4 of the Adoption Agreement signed by your employer to see if you are in a covered job position.)

Q&A 4-4: When Do I Become A Participant?

If you are a covered employee, you may begin participating as early as the first day of the payroll period after you complete your waiting period, if applicable. (See Q&A 4-5).

Q&A 4-5: Is There A Waiting Period To Participate?

It depends on the type of contribution—

Employee Contributions. You can begin making your own voluntary contributions into Life Rewards after you complete your pro- bationary period with your employer.

Q&A 4-6: How Do I Become A Participant?

You must complete an enrollment form. The enrollment packet is available from your employer or your Life Rewards Plan Administrator. Complete the form and return it to your employer at least 15 days before you want to begin participating.

(See Q&A 5-2.) Your participation will be delayed if you don’t turn in your enrollment form on time. Your participation may also be delayed if it takes your employer longer to set up the payroll deduction required to make your contributions.

Q&A 4-7: Can I Ever Be Dropped From Life Rewards?

In order to run Life Rewards in compliance with IRS rules, we may be asking you or your employer for information such as compensation and dates of hire and termination. To ensure full legal compliance, you or your employer must provide us with this information on a timely basis. Failure to do so results in higher administrative costs and may jeopardize Life Rewards tax benefits for everyone. Therefore, your ability to continue to participate in Life Rewards is conditioned on cooperation from you and, if applicable, your employer. If we do not receive this information when it is due, it is possible your participation in Life Rewards could be suspended or even terminated.

Part 5 . Contributions

Q&A 5-1: How Are Contributions Made To My Life Rewards Account?

There are two types of contributions — voluntary and employer-paid.

Voluntary (Salary Reduction) Contributions. You can make voluntary contributions (or “salary reduction contributions”) to Life Rewards through convenient, automatic payroll deductions. This makes it easy to put away money for your retirement or other savings goals. And your contributions save you on taxes because they reduce, dollar for dollar, the taxable income reported to the IRS on your W-2. If income tax withholding is being taken out of your pay, you will see immediate tax savings with every paycheck because income tax withholding is not taken out of your contributions.

Q&A 5-2: Can I Transfer My Account From Another Retirement Plan Into Life Rewards?

Yes. You can transfer (“rollover”) funds from other retirement plans into your Life Rewards account. This includes amounts you have in other 403(b) plans as well as 401(k) plans, 401(a) pension or profit-sharing plans, governmental 457(b) plans and

IRAs. Rollovers into Life Rewards are not taken into account for purposes of determining your maximum annual contribution limits to Life Rewards. (See Q&A 5-6.) If you want to roll over funds into Life Rewards, please contact the Life Rewards Plan Administrator for the details and procedures.

Q&A 5-3: How Much Should I Contribute To Life Rewards?

As much as you comfortably can, which, of course, depends on your particular circumstances. You should consider getting some advice from a qualified professional who can take into account your specific retirement goals and your overall personal and financial situation. If you have Internet access, you may also access our online financial calculators to help you estimate your retirement savings needs. The Cost of Waiting Calculator can be found at:

<https://www.cepnet.com/resources/calculators/retirement-cost-waiting-calculator>

Q&A 5-4: Are There Limits On How Much Can Be Contributed Each Year To Life Rewards?

Yes. As you can well imagine, because of the big tax savings Life Rewards can generate, the tax laws limit the amount that you and your employer can contribute. There are two limits on how much can be contributed into your Life Rewards account in any year.

1. Voluntary Contributions Limit. This limit, explained in Q&A 5-7, applies only to your voluntary contributions (Q&A 5-1).
2. "415 Limit." This is a higher, overall limit on the total of your voluntary contributions and any employer-paid contributions you receive.

Neither limit applies to any rollover contributions you make, however.

Q&A 5-5: What Is The Limit On My Voluntary Contributions?

Normal Limit. Unless one of the "Catch-Up Limits" explained below applies, your voluntary contributions cannot exceed the maximum annual dollar limit shown below or 100 percent of your includible pay, whichever is less. See Q&A 5-8 for an explanation of what your "includible pay" does and does not include.

Any employer-paid contributions that you receive do not count towards this limit. However, employer-paid contributions are combined with your voluntary contributions for purposes of determining your "415 Limit." (See Q&A 5-8.)

The maximum annual dollar limits on voluntary contributions for the next few years will be:

2019	\$19,000
2020	\$19,500
2021	\$19,500
2022 and afterwards	\$20,500 indexed for cost-of-living allowances

Age 50+ Catch-Up Limit. If you are age 50 or older, you may be able to make additional voluntary contributions over and above the normal IRS limit.

When You're Considered to Turn Age 50: As long as you turn age 50 during the year in which those contributions are made, you may make an "Age 50+ Catch Up Contribution" at any time during that year. For example, if your 50th birthday is on December 31, 2020, you can make Age 50+ Catch-Up Contributions for the entire year.

The maximum Age 50+ Catch-Up Contribution allowed for the next few years will be:

2019	\$6,000
2020	\$6,500
2021	\$6,500
2022 and afterwards	\$6,500 indexed for cost-of-living

Pre-Retirement Catch-Up Limit. In addition, you are entitled to use the pre-retirement catch-up limit once you have 15 years of employment with one or more of the organizations described in Q&A 4-2, regardless of whether they were participating employers in Life Rewards when you worked for them. Also, you can count any time that you were a self-employed minister.

Under this catch-up limit, the dollar amount of your normal voluntary/salary reduction contribution limit is increased by whichever of the following is the lowest—

1. \$3,000;
2. \$15,000 less any amounts you contributed in prior years under the pre-retirement catch-up; or
3. The excess of \$5,000 times your years of qualifying employment (as described above) over the total amount of your voluntary contributions into Life Rewards all prior years.

There is a \$15,000 lifetime maximum on the pre-retirement catch-up limit. That is, once the total of all of the additional voluntary contributions you make over and above the normal voluntary contribution limit reaches \$15,000, your pre-retirement catch-up limit is exhausted. The limit on your voluntary contributions for all future years then goes back to the normal voluntary contribution limit.

Generally, the pre-retirement catch-up limit lets you contribute an extra \$3,000 in voluntary contributions for the five years before you retire. To illustrate: If you could use the pre-retirement catch-up limit in 2019 and you also qualify for the Age 50+ Catch-Up, this means you could contribute up to a total of \$28,000 in voluntary contributions for that year (\$19,000 + \$6,000 + \$3,000).

Do You Have a Second Job? If you are making voluntary contributions into another plan besides Life Rewards, keep in mind that these IRS limits apply to the overall total of your voluntary contributions into our Plan and the voluntary contributions you make into any other 401(k) plan, 403(b) plan or SIMPLE plan. If you are contributing into such a plan in addition to making voluntary contributions into Life Rewards, you need to watch the total voluntary contributions you are making. If you contribute more than the allowable dollar limit, you will be taxed twice on the excess amount—once in the year in which you made the excess contribution and again in the year it is paid out to you. To avoid this double tax, you can request Life Rewards or the other plan to return the excess to you. The refund has to be made no later than April 15 of the year following the year in which it was contributed. If the excess contribution is refunded by the April 15 deadline, it will be taxed only in the year you contributed it. Life Rewards will refund an excess contribution to you ***only if you notify the Life Rewards Plan Administrator, in writing, no later than March 1 of the year following the year in which you contributed the excess amount.***

Q&A 5-6: What Is The Regular “415 Limit”?

Overall Limit. Under Section 415 of the Internal Revenue Code, the total amount of your voluntary contributions and any matching or nonelective contributions made for you by your employer for any year cannot be more than \$61,000 or 100 percent of your includible pay, whichever is less.

“Includible Pay.” Your “includible pay” is your taxable pay (Box 1 from your W-2) adjusted as follows:

Add Back—

- Any voluntary contributions you made to Life Rewards or any other retirement plan
- Any voluntary contributions you made into a Section 125 Cafeteria Plan, a Section 132(f) Qualified Transportation Benefits Plan or a Section 457(b) Eligible Deferred Compensation Plan

Do Not Add Back—

- Any employer-paid contributions made for you into Life Rewards or any other 403(b) plan
- For ministers, any amounts you received as a housing allowance

Q&A 5-7: What Are The Special 415 Limits?

10/40 Special Limit. You or your employer may contribute up to \$10,000 to Life Rewards even if this exceeds your regular 100 percent-of-pay 415 limit for the year. This special rule lets you make a contribution (or lets your employer make a contribution for you) even if you have little or no includible pay (as described in Q&A 5-8). This would be the case, for example, if you receive most of your compensation as a tax-free housing allowance. However, the total contributions that can be made during your lifetime using this special limit cannot be more than \$40,000.

Foreign Missionary Special Limit. There's another special limit that applies only to foreign missionaries. Under this special limit, you (or your employer) can contribute up to the greater of your includible pay or \$3,000. So, even if your pay is under \$3,000, you can still make or receive up to \$3,000 in contributions per year. You can also take advantage of the 10/40 special limit if that would give you a higher limit.

Example: Let's say you're a foreign missionary making less than \$3,000 per year. Under the 10/40 special limit, you can make or receive up to \$10,000 per year in contributions until the total contributions using this special limit reach \$40,000. Once you hit that \$40,000 cap, you can switch over to the foreign missionary special limit and make or receive up to \$3,000 per year in the following years. (And if your includible pay ever goes over \$3,000, the foreign missionary special limit will let you make or receive contributions of up to 100% of your pay each year.)

Q&A 5-8: Will The Plan Administrator Calculate These Limits For Me?

Although it is your responsibility to ensure that your contributions are within the IRS limits, the Life Rewards Plan Administrator can assist you in calculating your contribution limits based on information you provide regarding the amount of your includible compensation for the year.

Q&A 5-9: Where Can I Go To Find Out More About These Limits?

A full explanation of the rules limiting 403(b) plan contributions is beyond the scope of this Handbook. For more detailed information, refer to Internal Revenue Service Publication 571, "Tax-Sheltered Annuity Programs for Employees of Public Schools and Certain Tax-Exempt Organizations." This IRS publication is available online at www.irs.gov, or at your local IRS office or by calling the IRS "Forms Hotline" at (800) TAX-FORM.

Q&A 5-10: Can I Also Contribute To An IRA While I'm In This Plan?

Yes. You can also contribute to an IRA while contributing to your 403(b). However, as a Life Rewards participant, your ability to deduct your (and your spouse's) IRA contributions depends on your income tax filing status and your adjusted gross income ("AGI"). The tables in Appendix A to this Handbook show how the IRA deduction is phased out.

Q&A 5-11: Can I Continue To Make Contributions After I Retire?

Yes. You and your employer have the option to continue to make contributions for up to five years after you retire. This includes voluntary contributions, Age 50+ Catch-Up Contributions, pre-retirement catch-up contributions and employer-paid contributions. For purposes of your post-retirement contributions, your contribution limits (see Q&A 5-6) are computed based on your includible pay during your last year of employment.

Q&A 5-12: Can I Make Up Missed Contributions When I Return From Military Service?

Under the Uniformed Services Employment and Re-Employment Rights Act of 1994 ("USERRA"), if you leave a participating employer for qualified military service (even if you have not yet begun to participate in Life Rewards) and you return to a participating employer within the time required under USERRA, you have the right to make up contributions while you were gone as if you had been employed during that time. Your employer may be required to make up employer contributions for

you as well. While contributions can be made up, no investment earnings will be credited on those make-up contributions for the period of your military service.

Part 6. Your Investment Options

Q&A 6-1: How Is My Life Rewards Account Invested?

It's up to you. You can select from CEP's Vision™ fund as well as several professionally managed investment funds. You can select one of these options or mix and match them in any way you like. This selection of investment options allows you to tailor your Life Rewards investment portfolio to achieve the level of risk and reward that best suits your needs.

Q&A 6-2: What Is Cep's Vision Fund?

The Vision fund is a pooled note fund offered by CEP. The money invested in the Vision fund, including the contributions made under Life Rewards, is used by CEP to provide loans to Assemblies of God churches and ministries. The Vision fund offered through Life Rewards pays a variable rate of interest, which is adjusted by CEP from time to time. Please contact us or visit CEP's website, www.cepnet.com, for the current rate of interest offered. If you are interested, please see CEP's website for the Vision fund Offering Circular, which explains this investment option in detail. Investments in the Vision fund are made solely under the Offering Circular. This Handbook does not constitute an offer to sell nor a solicitation of an offer to buy an interest in the Vision fund.

Q&A 6-3: What Other Investment Funds Are Offered?

Life Rewards also offers a selection of actively-managed mutual funds. Each of these funds has different investment return and risk characteristics. This will help you achieve the rate of return you need at a level of risk that is appropriate to your risk tolerance and the time horizon for your investments. Please contact the Life Rewards Plan Administrator for a list of the current funds offered. Or simply visit us at www.cepnet.com to download this information.

Q&A 6-4: How Do I Make Or Change My Investment Selections?

Contact the Life Rewards Plan Administrator for the latest information and procedures for opening your Life Rewards account and making your investment selections. Please allow time for processing your selection or change.

If You Don't Make a Selection: If you do not select any investments, your Life Rewards account will be invested in the Life Rewards Vision fund.

Q&A 6-5: How Can I Learn More About Making Investment Selections?

You may contact a qualified professional who can assist you in making your investment choices or if you have Internet access, the Securities and Exchange Commission's Interactive Tools for Investors offers several tools to help you with your retirement calculations:

www.sec.gov/investor/tools.shtml

Q&A 6-6: Can The Investment Funds I Am In Be Dropped Or Replaced?

Yes. In carrying out its responsibility to provide suitable investment choices, the Life Rewards Plan Administrator may, from time to time, change the available investment options. If the Plan Administrator decides to drop one of your investment funds or decides to replace it with a similar type of fund, we will let you know in advance whether the change applies only to future contributions to Life Rewards or whether your existing account balance will have to be moved as well.

Q&A 6-7: Who Is Liable For Investment Losses?

Life Rewards is designed and operated to ensure that participants have the ability to make meaningful investment choices and have enough information available to make informed decisions. To accomplish these objectives, Life Rewards offers you

a range of investment choices and provides you with access to the available information on the investment options offered. Using the information that Life Rewards provides regarding the particular funds, as well as other sources of information, including, for example, professional financial advice and the SEC's Interactive Tools for Investors (see Q&A 6-5), it is up to you to find the right balance of risk versus reward in your investment choices.

Because Life Rewards provides you with the ability to make informed and meaningful investment decisions on your own, no one involved with Life Rewards—including CEP, its officers, directors and employees, the Trustee, the Plan Administrator and the participating employers—will be liable for any investment losses that result from the investment choices you make. In addition, no one involved with Life Rewards guarantees or insures your account in any manner against investment loss or depreciation in asset value.

Part 7. Your Account

Q&A 7-1: Do I Have A Separate Account In Life Rewards?

Yes. When you enroll in Life Rewards, a separate bookkeeping account is set up in your name in the Life Rewards trust fund. All of your contributions, including any employer-paid contributions, and the earnings on those contributions are credited to your account. Your account is charged for any distributions made to you, any investment losses, your pro rata share of any administrative expenses and any special expenses charged directly to you, such as the costs to process a qualified domestic relations order relating to your account.

Your account balance is the amount of the benefit you have under Life Rewards at any given time. Your account balance determines the amount of your benefit payments from Life Rewards.

Q&A 7-2: How Often Is My Account Adjusted For Contributions And Earnings?

Your Life Rewards account is adjusted for contributions based on the fund option you chose. For the Vision Fund, contributions are posted on the day the contributions are received and the earnings are posted on the compounding day of the individual's account. For Mutual Funds, contributions are posted twice week and earnings, or losses, are posted as of the last business day of the month.

Q&A 7-3: When Is My Account Balance Determined For Benefit Payments?

The amount payable to you is your account balance determined as of the last adjustment date under Q&A 7-2 that occurs on or before the date your payment is made. Please note: your account balance is not determined on the date of the event which makes your benefit payable (your retirement, termination of employment, death or disability).

Q&A 7-4: How Do I Keep Track Of My Account?

You will receive monthly statements showing the amount of your contributions since the last statement, any distributions made, the investment earnings or losses credited to your account and your total account balance, net of investment and administrative fees and expenses. To find out your account balance between statements, contact the Life Rewards Plan Administrator at the address and phone number shown in Part 2 of this Handbook or login to your online account.

To create an online account: visit www.cepnet.com for Vision and contact our office to obtain login instructions for Mutual Funds.

Part 8. Benefit Payments

Q&A 8-1: When Are My Benefits Payable?

Life Rewards is designed to be a long-term retirement account for you, not a short-term liquid savings account. Your benefits are normally not payable until you retire after reaching age 62. However, you can receive payments earlier if you "separate

from service” (see Q&A 8-2), you request a withdrawal after turning age 59½ (see Q&A 8-19) or you incur a financial hardship before you’re age 59½ (see Q&A 8-20).

Q&A 8-2: When Am I Considered “Separated From Service?”

For purposes of Life Rewards, you have “separated from service” when you are no longer employed by a participating employer.

You can separate from service for any of the following reasons—

- Voluntary or involuntary termination of your employment (see Part 9);
- Death (see Part 10); or
- Disability (see Part 11).

Q&A 8-3: What Is The Amount Of My Benefit?

The actual amount of the payment or payments made will depend on the payment option you select (see Q&A 8-7).

Q&A 8-4: When Do I Receive My Benefit Payment?

Once you have retired or separated from service (see Q&A 8-2), you will need to file a benefit payment election form with the Life Rewards Plan Administrator to receive your payment. Your benefit payments will generally begin no later than 90 days after the date we receive your benefit payment election form. In some cases, additional time may be required to process your benefit payment. In those cases, payment will be made as soon as administratively feasible after the amount of your benefit is calculated.

Q&A 8-5: Can I Postpone Receiving My Benefit Payment?

Yes. You can delay receiving payment past your normal retirement age of 62. For example, you may want to postpone payment if you are still working for a participating employer when you reach age 62. However, you cannot postpone your payments indefinitely. IRS rules set a deadline for when your payments must begin (see Q&A 8-6).

Q&A 8-6: How Long Can I Postpone Payments?

You must begin receiving your benefit payments no later than April 1 of the year following the year in which you turn age 73 or, if later, the year in which you retire (if you continue working beyond age 73). By this date, you must begin receiving at least the required minimum amount of your remaining account balance (see Q&As 12-5 through 12-14).

Failure to meet this deadline will subject you to a penalty tax equal to 50 percent of the minimum amount that should have been distributed.

WARNING! If you elect to postpone your payments, it is up to you to keep an eye on when your payments have to begin. The Life Rewards Plan Administrator will not send you a reminder notice. You will need to notify the Plan Administrator of the date you want payment of your delayed benefits to begin.

Q&A 8-7: What Payment Options Are Available?

Normal Form of Payment. Life Rewards will automatically pay your benefit in a lump-sum payment (see Q&A 8-8), unless you elect an optional form of payment.

Optional Forms of Payment. The following payment alternatives are available:

- Direct Rollover (see Q&A 8-9)
- Installment Payments (see Q&A 8-10)
- Single Withdrawals (see Q&A 8-11)

Q&A 8-8: What Is A Lump-sum Payment?

A lump-sum payment means your entire account balance is paid directly to you in a single cash payment.

Q&A 8-9: What Is A Direct Rollover?

A direct rollover lets you make a tax-free transfer of your Life Rewards benefit into your own IRA or into another retirement plan. (That other retirement plan must be willing to accept your rollover, however. Plans are not required to accept direct rollovers and not all of them do.)

You may make a direct rollover of installment payments as long as the installment payment period is under ten years. (See Q&As 12-3 and 12-4.)

If you are a minister, please keep in mind that you will lose the housing allowance tax exemption on any funds you roll over to an IRA. If you plan to make a rollover to another retirement plan, you should check first to make sure that distributions from that plan can qualify for the tax-free housing allowance exemption.

Q&A 8-10: What Are Installment Payments?

You may elect installment payments if your account balance exceeds \$5,000. Life Rewards will pay out your account balance in the amount and over the time period that you specify. (See Q&A 8-12 for the maximum time limit on payout periods.) The payout period can be a fixed period of years (for example, five years) or over your life expectancy as determined using IRS tables. You may also select whether you want monthly, quarterly, semi-annual or annual interest only or fixed payments.

Q&A 8-11: How Are Installment Payments Calculated?

Initially, the amount of your installment payments will be estimated so that by the end of your payout period, you will have a zero balance in your account. During this period, your account balance, which will remain invested in the Life Rewards trust fund, will fluctuate due to continuing investment gains, losses and fund expenses. As a result, neither the amount of installment payments nor the installment payment period is guaranteed. That is, installment payments will continue until the end of the installment period you have selected or until your account is exhausted, whichever occurs first. At the end of the installment period you have selected, the remaining balance of your account will be paid out to you in a single lump-sum payment.

Q&A 8-12: How Long Can Installments Be Paid?

To comply with the IRS minimum distribution rules, your payout period cannot exceed your life expectancy as determined using an IRS table. See Part 12 of this Handbook for an explanation of the minimum distribution rules.

Q&A 8-13: What Happens If I Die Before All Of The Installments Are Paid?

If you die before your installment payments are fully paid out, the remaining balance will be paid to your beneficiary. Your beneficiary may continue receiving installment payments or cash out the unpaid balance. Your beneficiary also has the option of rolling over the balance, less any required minimum distribution for that year (if you died after age 73), into an IRA or another qualified retirement plan.

Q&A 8-14: What Are Single Withdrawals?

Once you reach age 62, you can keep your account in Life Rewards and withdraw funds from it at any time and in any amount as you request.

You will need to fill out a benefit payment election form each time you want to make a single withdrawal. Single withdrawals cannot be paid back to Life Rewards. Once you reach age 73 (or retire, if later), the single withdrawals you take each year (in combination with any installment payments you may be receiving) must be large enough to satisfy the IRS minimum distribution rules (see Part 12 of this Handbook).

Q&A 8-15: How Do I Elect My Payment Option?

When you are ready to begin receiving payments, simply ask the Life Rewards Plan Administrator for a benefit payment election form, fill out the form and return it to the Plan Administrator. To make sure your payment meets the IRS requirements, you must use this form to select your payment option. We cannot accept telephone or other written instructions from you.

Q&A 8-16: Does My Spouse Have To Consent To My Payment Option?

No. Life Rewards does not require your spouse to consent to the payment option or the time of payment that you select.

Q&A 8-17: Can I Elect Two Or More Payment Options?

Yes. You can elect any combination of payment options. For example, you can elect to have a direct rollover for a portion of your account and have the rest of your account paid out in a lump sum.

Q&A 8-18: Can I Change My Payment Option After Payments Begin?

You can change your election at any time up to 15 days before your first payment is scheduled to be made.

With the exception of single withdrawals, you cannot elect a different form of benefit payment once this 15-day deadline passes. If you take one or more single withdrawals, you can later elect to take your remaining account balance in any other payment form.

Q&A 8-19: Can I Withdraw Money From My Account?

After Age 59½. Once you reach age 59½, you may take withdrawals from your entire Life Rewards account. These withdrawals can be for any amount you would like.

Before Age 59½. Before you turn age 59½, you can only take withdrawals for a “financial hardship” (see Q&A 8-20). Financial hardship withdrawals may be taken from all contribution sources, excluding the investment earnings on those contributions. You cannot withdraw more than is required to meet the financial hardship, including enough to cover the taxes that will be due on the withdrawal (see the discussion on taxes further down in this answer).

Form Required. You must apply to the Life Rewards Plan Administrator for a withdrawal. If you are applying for a pre-age 59½ financial hardship withdrawal, an additional form is required, and you must meet certain IRS requirements (see Q&A 8-20).

No Repayments Allowed. Please note that any withdrawals you take out of your Life Rewards account cannot be re-contributed. As a result, any withdrawals you take will reduce the amount of the benefit you ultimately receive from Life Rewards. In some cases, this reduction can be significant, so please take this into account before deciding to take a withdrawal.

Taxes. The following income tax rules apply to withdrawals—

Withdrawal after reaching age 59½. You will have to pay income taxes on the amount withdrawn unless you roll it over into an IRA or another retirement plan. If you do not make a rollover, 20 percent federal income tax withholding will be taken out of your distribution. You cannot waive federal withholding. Your withdrawal will also be subject to state income tax withholding, although generally you can waive state withholding.

Hardship Withdrawal (pre-age 59½ withdrawal). You will have to pay income taxes on the amount withdrawn. You cannot roll over a hardship withdrawal to an IRA or another retirement plan to avoid paying taxes. Also, because you are under age 59½, you may have to pay the 10 percent early-withdrawal penalty tax (see Q&A 12-13). The distribution will also be subject to federal and state income tax withholding at your regular withholding rate. However, you can elect to waive federal and state withholding on a hardship withdrawal.

Given the combined impact of federal and state taxes and penalties, withdrawals are not a very good way to take money out of Life Rewards. If a pre-age 59½ hardship withdrawal is taken as a taxable distribution, almost half of the withdrawal may go to pay taxes and penalties. Taxable withdrawals should be used in true emergency situations only.

Note that if you are a minister taking a withdrawal that qualifies as a tax-free housing allowance, then these income tax rules do not apply.

Q&A 8-20: What Is A Financial Hardship?

Current IRS rules allow pre-age 59½ withdrawals only for the following financial hardships —

- Uninsured medical expenses for you or your dependents.
- Payments required to purchase your home (such as a down payment or closing costs, but not mortgage payments).
- College or graduate school tuition and related expenses for you or your dependents for the next year.
- Payments to prevent eviction or foreclosure on your home.

However, the IRS will not allow you to take a withdrawal if you are able to meet the financial hardship by —

- Filing a claim under any insurance policies you have.
- Selling assets (unless the sale itself would cause a hardship).
- Stopping your voluntary/salary reduction contributions into Life Rewards.
- Borrowing money from a bank, credit union or other commercial lending institution on reasonable terms (unless you cannot afford to make the repayments).

Q&A 8-21: Can I Borrow From My Account?

No. You cannot borrow or take a loan from your account.

Part 9. Termination Of Employment

Q&A 9-1: Are My Benefits Affected If My Services With A Participating Employer Terminate?

No. If your employment with a participating employer terminates, you are still entitled to receive all of your Life Rewards account no matter what the reason for the termination. In other words, you are always 100 percent vested in your account balance. It cannot be forfeited for any reason.

Q&A 9-2: What Happens If I Leave To Go To Another Participating Employer?

If you leave your employer to go to work for another participating employer, you will not be considered to have terminated for purposes of Life Rewards. Your benefits will continue to be held in Life Rewards. They will be paid out to you later after you are no longer employed by any participating employer unless you elect to postpone your benefits payments (see Q&As 8-5 and 8-6).

Q&A 9-3: What Happens If I Am Rehired Following A Termination?

If you are rehired following a termination of your employment with a participating employer, you will be eligible to rejoin Life Rewards.

If you were a participant in Life Rewards when you left, you will be eligible to participate immediately upon your rehire. You will need to re-enroll, however. If you were not a participant when you left, you will be treated as a new employee and must satisfy Life Rewards eligibility requirements before you may participate. (See Part 4 of this Handbook.)

Q&A 9-4: What Happens If I Am Barred From The Ministry?

If you are permanently barred from any future involvement with the ministry, you will be treated as if you had separated from employment. Your account will be cashed out in a lump-sum payment, generally within 90 days, or as soon as administratively feasible afterwards, unless you elect another form of payment or you elect to postpone payment. (See Part 8 of this Handbook.)

Part 10. Death Benefits

Q&A 10-1: Does Life Rewards Provide A Death Benefit?

Yes. Upon your death, the remaining balance of your Life Rewards account will be paid to your beneficiary. How your death benefit is paid depends on whether you died before or after you began receiving payments and the form of payment you selected.

Q&A 10-2: What Happens If I Die Before Payments Begin?

If you die before you start receiving benefits, your account balance will be paid to your beneficiary as a death benefit. Your beneficiary can pick the form of payment (see Q&A 10-11).

Q&A 10-3: What Happens If I Die After Payments Begin?

If you die after you start receiving benefits, death benefits will be paid according to the form of payment you chose unless your beneficiary changes the form of payment.

Q&A 10-4: How Do I Name A Beneficiary?

You name your beneficiary by completing the beneficiary designation section on your Life Rewards enrollment form.

Q&A 10-5: Can I Name Someone Other Than My Spouse As My Beneficiary?

You may name a beneficiary other than your spouse only with your spouse's written consent. Your spouse must sign the consent form before a notary public. (There is a section of the enrollment form for your spouse to fill out.) Your spouse's written, notarized consent is required even if you are no longer living with your spouse and even if you are just naming your children or a family trust as your beneficiary.

If your spouse does not consent to your beneficiary designation, your spouse will receive your account balance on your death instead of the beneficiary you named.

If you are single, your death benefit can be paid to any beneficiary you choose without anyone's consent.

Q&A 10-6: Can I Change My Beneficiary?

You may change your beneficiary at any time by filling out a new beneficiary designation form and returning it to the Life Rewards Plan Administrator. THE COMPLETED FORM MUST BE RECEIVED BEFORE YOUR DATE OF DEATH TO BE EFFECTIVE.

Please note that, if you are married, your spouse must consent to the new beneficiary designation. (There is a section on the Life Rewards beneficiary designation form for your spouse to complete.)

Remember, it is up to you—not your participating employer or the Life Rewards Plan Administrator—to update your beneficiary designation if your circumstances change. It is your responsibility to make sure your beneficiary designation names the person you really want as your beneficiary.

Q&A 10-7: What Happens If I Get Married Or Divorced?

If you get married, your spouse automatically becomes your beneficiary and any prior beneficiary designations you made are automatically revoked. Your spouse must consent if you name someone else as your beneficiary.

If you get divorced, the divorce automatically revokes any designation of your former spouse as your beneficiary, unless that prior designation provided otherwise. If you remarry, your new spouse automatically becomes your beneficiary. If you want

to name someone else as your beneficiary, your new spouse must consent in writing.

Q&A 10-8: What If I Fail To Name A Beneficiary?

If you do not name a beneficiary or if your named beneficiary is no longer alive at the time of your death, the benefit payable upon your death, if any, will be paid in the following order of priority —

1. To your spouse, if living;
2. If you have no surviving spouse, then to your children (if living) in equal shares; or
3. If neither a spouse nor any children survive you, then to your estate.

Q&A 10-9: What Happens If My Named Beneficiary Dies?

It depends on whether your beneficiary dies before or after you do —

Beneficiary Dies Before You. If your named beneficiary dies before you do, you can name a new beneficiary. If you don't, then on your death, the benefit will be paid to any contingent beneficiary you have named. If you do not have a contingent beneficiary and you did not name a new beneficiary, the death benefit will be paid to your default beneficiary as determined under Q&A 10-8.

Beneficiary Dies After You Do. If your beneficiary dies after you do, the unpaid portion of the death benefit will be paid to the beneficiary's estate.

Q&A 10-10: Can My Beneficiary Disclaim The Death Benefit?

Yes. Your beneficiary can disclaim the death benefit (this will typically be done only for estate planning reasons). In that case, the death benefit will be paid as if the disclaiming beneficiary died before you did. This means the benefit will be paid to any contingent beneficiary you have named. If you did not name a contingent beneficiary or if the contingent beneficiary you named is no longer alive at the time of your death, the benefit will be paid to your default beneficiary under Q&A 10-8.

Q&A 10-11: What Payment Options Are Available For The Death Benefit?

It depends on whether you died before or after you started to receive payments —

Death Before Payments Began. Your beneficiary will have the same payment options that were available to you, except that:

1. If your beneficiary elects installments or single withdrawals, the payout must be completed within ten years or, if shorter, the maximum payout period allowed under the IRS minimum distribution rules. The payment option selected by your beneficiary must also comply with the IRS minimum distribution requirements for death benefits (see Q&A 10-12).

Death After Payments Began. Your beneficiary will continue receiving payments under the option you selected. However, your beneficiary may elect a different payment option, subject to the same exceptions discussed above.

Q&A 10-12: How Quickly Must The Death Benefit Be Paid Out To My Beneficiary?

It depends on whether you died before or after you were required to start taking the IRS-required minimum distributions from your Life Rewards account. This would be April 1 of the year following the year in which you turn age 73 or, if later, April 1 of the year following the year in which you retire. This date is known as your "Required Beginning Date."

Death After Required Beginning Date — The Continuing Payments Rule. Your remaining account balance must be paid out to your beneficiary at least as rapidly as under the payment schedule you had selected. Your beneficiary can elect a different payment option as long as it provides for a more rapid payout. For example, your beneficiary can cash out the unpaid balance (or roll it over to an inherited IRA).

Death Before Required Beginning Date—The Five-Year Rule and the Exceptions. Generally, your entire account balance must be completely distributed to your beneficiary within five years after your death. (To be exact, the deadline is December 31 of the year in which the fifth anniversary of your death occurs.) There are two exceptions to the five-year payout rule:

General Exception. The five-year rule does not apply if all of the following conditions are met:

1. The benefit is payable to your designated beneficiary;
2. The benefit is paid out over not more than ten years or, if shorter, your beneficiary's life expectancy; and
3. Payments begin no later than December 31 of the year following the year of your death.

Spousal Exception. If your designated beneficiary is your spouse, the five-year rule does not apply if both of the following conditions are met:

1. The benefit is paid out over not more than ten years or, if shorter, your spouse's life expectancy; and
2. Payments begin no later than whichever of the following dates is the latest:
 - a. December 31 of the year following the year of your death; or
 - b. December 31 of the year following the year in which you would have reached age 73.

Part 11. Disability Benefits

Q&A 11-1: What Happens If I Become Disabled?

If you become disabled, you will be entitled to receive your Life Rewards benefits even if you have not reached age 59½.

Q&A 11-2: What Is A Qualifying Disability?

You will be considered disabled for purposes of your Life Rewards benefits if either —

1. You incur an injury, illness or mental disorder, which will be for a long and continued duration and which prevents you from satisfactorily performing either:
 - a. Your customary job duties; or
 - b. A position that your participating employer makes available and which is suitable for you because of your training, education or experience.
2. You suffer a permanent loss of, or loss of the use of, a member or function of your body, or you are permanently disfigured, but only if you terminate employment because of that loss or disfigurement.

Q&A 11-3: How Is Disability Determined?

The Life Rewards Plan Administrator will determine if you are disabled based upon available medical reports and evidence. You may be required to have a physical examination.

Q&A 11-4: Do I Need To Qualify For Social Security Disability First?

No. If you have a qualifying disability, you will be entitled to receive your Life Rewards disability benefits even though your disability may not be severe enough to qualify you for Social Security disability benefits.

Q&A 11-5: When Will The Disability Benefits Be Paid?

Your disability benefits will generally be paid within 90 days after you are determined to be disabled. If, for some reason, your benefit cannot be calculated within that time, your benefit will be paid within 60 days of the date the correct benefit amount is determined.

If your account balance is over \$5,000 and you do not want to receive your benefit payment at this time, you may elect to

postpone payment up until April 1 of the year following the year you turn age 73.

Q&A 11-6: How Will My Disability Benefit Be Paid?

It can be paid out to you in a lump-sum cash payment unless you elect one of the other payment options available under Life Rewards (see Q&A 8-7).

Q&A 11-7: How Will My Disability Benefit Be Taxed?

Your disability benefit payment will be taxed the same way a regular distribution is taxed. That is, it will be subject to federal and state income tax unless you roll it over into an IRA or another retirement plan or if you are a minister and you take it as a tax-free housing allowance. If you take it as a taxable distribution, mandatory 20 percent federal income tax withholding may apply and, if you are under age 59½, the 10 percent early withdrawal penalty may apply as well. See Part 12 of this Handbook for more information on the tax rules.

Part 12. Taxation Of Plan Benefits

Q&A 12-1: When Are My Plan Benefits Taxable?

Life Rewards provides you with tax-deferred benefits. This is Life Rewards most important feature. This means that when contributions go into your account—whether they are made by you or by your employer—they are not included in your taxable income for that year. In addition, the investment earnings on those contributions are not taxed to you in the year they are credited to your account. You are taxed only in the year you receive a benefit payment. Typically, this will be after you retire.

Q&A 12-2: How Are My Benefits Taxed?

Income Tax. As a general rule, your benefit payments are taxable as ordinary income for federal and state income tax purposes in the year you receive them, regardless of the form of payment you selected. (See Q&A 12-12 for withholding rules on taxable distributions.) However, if you elect to make a direct rollover instead of receiving benefit payments, the amount you roll over is not taxed until it is distributed to you from the IRA or the other retirement plan which received the rollover (see Q&A 12-3).

10% Penalty Tax. Your distribution may also be subject to the 10 percent early withdrawal penalty tax (see Q&A 12-13).

Tax-Free Housing Allowance. For ministers, your benefits will not be taxed if you take them as a tax-free housing allowance (see Q&A 12-14).

Foreign Missionaries. If you are a foreign missionary or former foreign missionary, your benefits may be tax-free to the extent they can be treated as the payment of after-tax employee contributions. To qualify for this treatment, your benefit payments must be attributable to amounts that were contributed on your behalf but that would have been excluded from your income under Internal Revenue Code 911 if they had been paid to you as salary instead of contributed into Life Rewards.

In order to qualify for this tax-free treatment, you or your employer will need to provide the Life Rewards Plan Administrator with documentation of the amount of the excludable contributions that were made for you. This is the only way we will be able to provide the proper tax reporting to the IRS for your benefit payments.

Q&A 12-3: How Do I Make A Rollover?

There are two ways to do a rollover to an IRA or to another employer's retirement plan—

Direct Rollover. If you elect a direct rollover, Life Rewards will make your payment directly to your IRA or to the other retirement plan. This is the simplest and safest way to make a rollover.

"Do-It-Yourself Rollover." You can also make a rollover yourself by having the payment check issued to you and then depositing the check into an IRA or another employer's plan. This deposit must be made within 60 days of the date you receive

the payment check. You will have to come up with other funds to make up the 20 percent income tax withholding that was taken out of your distribution (see Q&A 12-12). You will have to file for a refund to recoup the 20 percent income tax that was withheld. For obvious reasons, you would normally use this method only in an emergency—for instance, if you requested a lump-sum distribution but then changed your mind and wanted to do a rollover.

Check Other Plan First! If you want your rollover to go into another retirement plan, first check to make sure that it accepts rollovers. Plans are not required to accept direct rollovers and not all of them do.

Q&A 12-4: What Payments Can I Roll Over?

Not all payments can be rolled over. Those that can and cannot be rolled over are listed below:

Rollover Allowed	Rollover Not Allowed
Lump-Sum Payments	Installments (when payout period is 10 years or more)
Single Withdrawals	Any amount required to be paid out to satisfy your IRS minimum distribution requirement
Installments (when payout period is under 10 years)	Housing Allowance (applies to ministers only)

Q&A 12-5: What Are The IRS Minimum Distribution Rules?

Once you reach age 73, the so-called minimum distribution rules kick in. The idea is to force you to start withdrawing at least a designated minimum amount annually. This way, the government starts getting its taxes during your lifetime rather than waiting until your death to collect.

Q&A 12-6: When Do I Have To Start Taking Out Distributions?

You have to start no later than the year you reach age 73 or the year in which you retire if you retire after reaching age 73. The payment for the first year does not have to be made until April 1 of the following year, however. But if you wait until the following April 1, you will have to take two withdrawals in that year—one by April 1 to cover your minimum distribution for the previous year, and the other by December 31 for the current year's minimum distribution. Then, by December 31 of each subsequent year, you must continue to take at least the minimum amount for that year.

Q&A 12-7: What Happens If I Don't Take Out The Required Minimum?

If you take out less than the required minimum, there's a 50 percent penalty tax on the difference between the minimum you were required to take and the amount (if any) you actually took out that year. In addition, when you finally withdraw the money you were supposed to, you also must pay the regular income tax on that withdrawal. You cannot get an offset for the 50 percent penalty tax you paid.

Q&A 12-8: How Is The Minimum Distribution Amount Determined?

Generally, you are required to systematically draw down your account balance over a period of time that does not exceed your life expectancy.

Q&A 12-9: How Do I Take Minimum Distributions From Life Rewards?

It depends on the payment option you select. Some automatically satisfy the minimum distribution requirements; others require some calculations to be made.

Lump-Sum Payments. A lump-sum payment by April 1 of the year following the year in which you turn age 73 (or retire, if later) will, of course, automatically take care of your minimum distribution requirements since you are taking a fully taxable distribution of your entire account balance.

Direct Rollovers. Similarly, a direct rollover to an IRA or another employer's plan takes care of your minimum distribution from Life Rewards, but you must start taking minimum distributions from your IRA or the other plan. Note that, unless you elect to make a rollover election before the year you turn age 73 (or retire, if later), the full amount of your account balance

cannot be rolled over. The portion of your account that represents your required minimum distribution for your age 73 year (or retirement year, if later) must be paid to you as a taxable distribution. The balance of your account can be rolled over, however.

Installments. Some careful calculations will be required to determine the minimum payment amount that is necessary to completely pay out your account within the required payout period. Generally, the required payout period cannot exceed your life expectancy.

Single Withdrawals. Careful planning is important here as well. Once you reach age 73 (or retire, if later), you must make sure that your single withdrawals each year are enough to cover your required minimum amount. Or you must elect another form of payment that, either alone or together with your single withdrawals, will satisfy your minimum distribution requirement each year.

Q&A 12-10: How Is The Required Minimum Amount Calculated?

General Rule. The minimum amount you must withdraw for each year is calculated by dividing your account balance as of the previous December 31 by your life expectancy for that year. Your life expectancy is taken from the applicable IRS table, using your age at the end of the year in question.

Applicable IRS Life Expectancy Table. The IRS Uniform Lifetime Table is used to determine life expectancy in most cases. However, if your spouse is your sole beneficiary and is more than ten years younger than you, you need to use the IRS Joint and Last Survivor Table (which gives you a longer payout period).

First Year's Distribution. During the year you turn age 73 (or retire, if later), your first required minimum distribution is calculated by dividing your account balance at the end of the previous calendar year by the distribution period taken from the applicable IRS Table. Your distribution period is based on your age at the end of the year in which you turn age 73 (or retire, if later).

Second and Subsequent Years' Distributions. Your second required minimum distribution is calculated based on your account balance at the end of the previous year (which was the year you turned age 73 or retired, if later). You again divide your account balance by your distribution period for the current year from the applicable IRS Table. Your withdrawals in subsequent years are also based upon your account balance in the previous year. And, again, you divide by your distribution period for that year from the applicable IRS Table.

Example (First Year's Distribution): Let's say you turn age 72 in November 2023. Since you will turn age 73 in 2024, your required minimum distributions will have to start in 2024. To calculate your first required minimum distribution, take your account balance at December 31, 2024 (let's say it's \$40,000), and divide it by your life expectancy. Let's assume your beneficiary is your spouse who is not more than ten years younger than you. This means you use the IRS Uniform Lifetime Table. You look up your life expectancy at age 73 (since you will turn age 73 in 2024) and see it is 26.5 years. Your required minimum distribution for 2024 would be \$1,509.43 ($\$40,000 \div 26.5$). Since this is your first distribution, you can delay taking it until April 1, 2025.

Example (Subsequent Distributions): Continuing with our example from above, you will have to take your second required minimum distribution in 2025. To calculate how much you need to take out, follow the same steps as above. Divide your December 31, 2024, account balance (let's say it's \$39,000) by your age 74 life expectancy (since you're one year older). Your minimum distribution would be \$1,529.41 ($\$39,000 \div 25.5$). This second year's distribution (and distributions for all subsequent years) must be made by the end of the year.

Note that, if you had delayed taking your first year's distribution until April 1, 2024, you will need to take two minimum distributions in 2024— the April 1 distribution to cover the minimum required for 2023, plus another one by December 31, 2024, to cover the minimum required for 2024.

Q&A 12-11: Do I Take Into Account The Other Plans I Am In?

IRAs. Your required minimum distributions from Life Rewards are determined without taking into account any funds you have in IRAs. That is, the minimum distributions you take out of your IRAs do not satisfy the minimum distribution requirements from Life Rewards, and vice versa.

Other 403(b) Plans. You can combine your Life Rewards account with the account balances you have in any other 403(b) plans, and you can take your total required distribution from any one or more of these 403(b) plans. You cannot combine your Life Rewards account with account balances you have in other types of plans (e.g., 401(k) plans).

Q&A 12-12: Are My Benefit Payments Subject To Withholding?

Unless you are a minister taking your benefit payments as a tax-free housing allowance or you are making a direct rollover to an IRA

or another retirement plan, your benefit payments are subject to income tax withholding. They are not subject to FICA, however.

Distributions to You, Your Spouse or a Former Spouse. If a taxable benefit payment is made to you or a benefit payment is made to your surviving spouse or to a former spouse under a qualified domestic relations order, the following withholding rules apply:

Mandatory Withholding. If the payment is one that can be rolled over (see Q&A 12-4 above) but the recipient does not or cannot elect to make a direct rollover, we are required to take out 20 percent federal income tax withholding. State income tax withholding may also be required but may be waivable.

Regular Wage Withholding. If the payment is one that cannot be rolled over (see Q&A 12-4 above), it is not subject to the mandatory 20 percent federal withholding. In the case of distributions to ministers, no withholding will be taken out except as provided below. Withholding will be taken out under the regular rules for calculating federal and state income tax withholding on wages for distributions made to:

- Ministers who have a voluntary income tax withholding arrangement with their employer.
- Spouses or former spouses of ministers.
- Lay employees and their spouses or former spouses.

If no withholding exemption certificate is in effect, federal withholding will be taken out as if the recipient was married claiming three exemptions. The recipient may elect to waive withholding, but the recipient is still responsible for paying the income tax on the payment. A withholding waiver remains in effect until revoked by the recipient of the benefit payments. State income tax withholding may also be required but may be waivable.

Distributions to Other Beneficiaries. If a benefit payment is made to someone other than you, your surviving spouse or a former spouse under a qualified domestic relations order, the following withholding rules apply:

Lump Sums and Single Withdrawals. Lump-sum payments or single withdrawals are subject to 10 percent federal income tax withholding (and potential state tax withholding), unless the recipient waives withholding. (A withholding waiver does not relieve the recipient of the responsibility for paying the income tax on the benefit payment, however.) A withholding waiver will apply to subsequent payments unless it is revoked.

Installment Payments. Installment payments are subject to the regular wage withholding rules explained above. The withholding exemption available to ministers does not apply to distributions to their beneficiaries.

Q&A 12-13: Are Distributions From Life Rewards Subject To The Early Withdrawal Penalty Tax?

Yes. If you receive a distribution from Life Rewards before you reach age 59½, you may have to pay a 10 percent early withdrawal penalty tax. This is in addition to federal and state income tax. However, you will not incur the 10 percent penalty tax on—

- Any part of a distribution you roll over into an IRA or another retirement plan
- Distributions you receive after you separate from service after reaching age 55
- Payments you receive in substantially equal amounts over your lifetime, provided they begin after you separate from service
- Payments you receive if you become disabled, provided you qualify for Social Security disability
- Distributions used to cover tax-deductible medical expenses
- For ministers, any part of a distribution you take as a tax-free housing allowance
- Payments to an alternate payee under a qualified domestic relations order.

Q&A 12-14: I Am A Minister. How Do I Receive My Housing Allowance Distribution?

If you are a minister, you may request Life Rewards to designate up to 100 percent of your benefit payment as a housing allowance. However, the portion of the benefit payment that you can actually declare on your income tax return as a tax-free housing allowance cannot be more than whichever of the following amounts is the lowest:

- The fair rental value of your furnished home plus the cost of utilities;
- The actual expenses of operating your home (down payment, mortgage payments, utilities, property tax, insurance, furnishings, maintenance, etc.); or
- The amount of the distribution that was designated by Life Rewards as your housing allowance.

It is up to you to substantiate for the IRS how much of your Life Rewards benefit payments qualify as a tax-exempt housing allowance.

Please note, you cannot rollover into an IRA the amount of your benefit payment that is designated as a housing allowance. Also, payments of survivor benefits to your spouse or beneficiaries cannot be paid as a housing allowance.

Q&A 12-15: Where Can I Go To Find Out More About These Tax Rules?

The tax rules on distributions from 403(b) plans are much too complicated to cover in this Handbook. You should refer to IRS Publication 575, "Pension and Annuity Income," (available online at www.irs.gov or through the local IRS office or by calling the IRS "Forms Hotline" at (800) TAX-FORM) or consult with your own tax advisor to find out what you can do to defer or reduce the taxes on your Life Rewards distribution. We also recommend that you consult your own tax advisor on the correct way to report your distribution on your tax return. Neither your employer nor anyone involved with Life Rewards can give you tax, legal or financial planning advice.

Part 13. Claims Procedures

Q&A 13-1: Do I Need To File A Claim For Benefits?

Generally, benefits will be paid by Life Rewards without you or your beneficiary having to file a formal claim for benefits. You will have to fill out certain administrative forms, such as benefit election and tax withholding forms. However, you or your beneficiary may file a claim for benefits if, for example, you believe your benefit was determined incorrectly.

Q&A 13-2: How Do I File A Claim If I Need To?

Claims for benefits should be submitted in writing to the Life Rewards Plan Administrator. Within 90 days after you file your claim, the Plan Administrator will either grant the claim, deny it or extend the time for processing the claim. If an extension is made, you will receive an explanation of why the extension is needed and the date you may expect a decision. If you do not hear anything within 90 days, you may consider your claim to be denied.

If your claim is denied, you will receive a notice explaining the reasons why the claim was denied, including the specific provisions of the plan document on which the denial was based. The notice will also describe any additional information that may be needed and explain why it is necessary. Finally, the notice will explain Life Rewards claims appeal procedure. This notice will be written in nontechnical language, so it should be easy for you to understand.

You may ask the Life Rewards Plan Administrator to reconsider a denial by taking the following steps:

1. You must appeal the decision within 60 days after receiving notice that your claim was denied.
2. Your request for the appeal must be in writing.
3. If you wish, you or your representative may review Life Rewards documents and submit written comments to support your claim.
4. **YOU MUST REQUEST AND COMPLETE THIS APPEAL BEFORE YOU CAN BRING ANY LEGAL ACTION AGAINST LIFE REWARDS OR ANYONE RESPONSIBLE FOR MAINTAINING OR OPERATING LIFE REWARDS.**

You will receive a written decision on your appeal from the Life Rewards Plan Administrator within 60 days after your request is received. However, if there are special circumstances, such as the need for a hearing, the Plan Administrator may have up to an additional 60 days to decide your appeal. Again, the decision will be written in plain language and will explain the reasons for the decision and the applicable plan provisions. The Life Rewards Plan Administrator's decision on the appeal will be the final determination under Life Rewards.

Q&A 13-3: What Is The Plan Administrator's Authority In Deciding Claims?

The Plan Administrator has broad discretion to interpret Life Rewards provisions, determine all questions concerning eligibility and benefits and make findings of fact, including deciding the sufficiency of any evidence submitted. A court of law or an arbitrator can reverse a decision of the Plan Administrator only if the decision was arbitrary and capricious. That is, the decision stands unless it was made in bad faith, was not supported by substantial evidence or was erroneous as to a question of law. In reviewing the decision, the court of law or the arbitrator will be limited to considering only the testimony and other materials that were presented to the Plan Administrator at the time the Plan Administrator made the decision.

Q&A 13-4: What Rights Do Creditors (Including Former Spouses) Have Against My Life Rewards Benefits?

Life Rewards is written to be a "spendthrift trust." This means you cannot transfer or assign your account. That is, you cannot sell it, use it as collateral, pledge it or give it away. As a result, your creditors (even bankruptcy creditors) are prohibited from attaching or garnishing your account until your benefits are actually being paid out to you.

The exception to this rule is for a "Qualified Domestic Relations Order." This is a court order requiring Life Rewards to pay some or all of your benefits to your spouse, former spouse or child for spousal or child support or as a property settlement. A court order must meet certain legal requirements to be a Qualified Domestic Relations Order. The Life Rewards Plan Administrator has the sole authority to determine whether those legal requirements have been met. If those requirements have been met, Life Rewards must make the payments as required by the order. Life Rewards may be required to make payments even though, at the time, you are still working for a participating employer and could not receive benefit payments for yourself. The Plan Administrator will notify you if Life Rewards receives a Qualified Domestic Relations Order relating to your account.

Part 14. Administrative Provisions

Q&A 14-1: What Are The Limits On Cep's, The Trustee's And The Plan Administrator's Liability In Running Life Rewards?

CEP, the Trustee and the Life Rewards Plan Administrator are not liable for—

- Your employer's failure to enroll you as a participant, remit your or its contributions or otherwise follow the terms of the Adoption Agreement it signed.
- Directly paying any benefit payment. Benefit payments will be made only to the extent there are sufficient assets in the Life Rewards trust fund to provide for those payments.

Q&A 14-2: Does Life Rewards Affect My Employment Rights?

The terms of your employment are not affected in any way by Life Rewards or this Handbook. Life Rewards, this Handbook and the Adoption Agreement that your employer signed to participate in Life Rewards are not to be construed in any way as being an employment contract.

Q&A 14-3: Is This Plan Subject To ERISA?

No. Life Rewards qualifies as a “church plan” that is not subject to federal regulation under the Employee Retirement Income Security Act of 1974 (“ERISA”).

Q&A 14-4: Is This Plan Subject To Registration Under The Securities Laws?

Although the CEP Vision fund offered under Life Rewards is registered under applicable securities laws (see the Offering Circular for more information), Life Rewards itself is exempt from federal and state securities law registration requirements because it is a church plan. The following formal notice of the church plan securities registration exemption is provided to you as required by the National Securities Markets Improvement Act of 1996:

Life Rewards or any company or account maintained to manage or hold assets of the Plan and interests in the Plan or those companies or accounts are not subject to registration, regulation or reporting under the Investment Company Act of 1940, the Securities Act of 1933, the Securities Exchange Act of 1934, Title 15 of the United States Code, or state securities laws. Therefore, plan participants and beneficiaries will not be afforded the protections of those provisions.

Q&A 14-5: Can Life Rewards Be Amended Or Terminated?

Although it intends for Life Rewards to be a permanent program, CEP reserves the right to amend or terminate Life Rewards at any time. In addition, your participating employer may withdraw from participation at any time by notifying you, CEP, the Life Rewards Trustee and the Life Rewards Plan Administrator. Any amendment or termination of Life Rewards by CEP will be made pursuant to a resolution of its Board of Directors. This action can be taken without prior notice to the participating employers or the participants. However, amending or terminating Life Rewards cannot reduce any benefits you earned up to that time.

If Life Rewards is terminated, your account will either:

1. Continue to be held in Life Rewards trust fund and distributed in accordance with the provisions of the Life Rewards plan document; or
2. If Life Rewards trust fund is being terminated as well, your account balance will be used to buy an annuity for you from an insurance company.

Q&A 14-6: Do I Need To Keep Life Rewards Informed Of My Current Mailing Address?

Yes! This is very important. We need not only your current address but the current address of any beneficiary you have named. This will make sure your benefit payments can be made in the way you have directed.

We will send benefit payments to the last address shown in our records. If the payment is returned to us, we will attempt to locate you (or your beneficiary in the case of a death benefit payment). However, we are under no obligation to search for you or your beneficiaries. Unclaimed payment checks will be forfeited after the expiration period shown on the check and returned to the Life Rewards trust fund to be used for the benefit of the other participants. Forfeited payments may be restored based on a showing of good cause.

Appendix A

IRA Deduction Tables

These are the tables referred to in Q&A 5-14 for calculating your IRA deduction if you are also contributing to this Plan. Use the table that matches your tax filing status (married filing jointly; single/head of household; married filing separately). Use the married filing jointly with a spouse who is covered by a plan at work table if you are no longer contributing into Life Rewards but your spouse is actively participating in a retirement plan at his or her job.

If you file separately and did not live with your spouse at any time during the year, your IRA deduction is determined under the "Single" filing status.

See Publication 590-A for further details.

If Your Filing Status Is...	And Your Modified AGI Is...	Then You Can Take...
single or head of household	\$68,000 or less	a full deduction up to the amount of your contribution limit.
	more than \$68,000 but less than \$78,000	a partial deduction.
	\$78,000 or more	no deduction.
married filing jointly or qualifying widow(er)	\$109,000 or less	a full deduction up to the amount of your contribution limit.
	more than \$109,000 but less than \$129,000	a partial deduction.
	\$129,000 or more	no deduction.
married filing jointly with a spouse who is covered by a plan at work	\$204,000 or less	a full deduction up to the amount of your contribution limit.
	more than \$204,000 but less than \$214,000	a partial deduction.
	\$214,000 or more	no deduction.
married filing separately	less than \$10,000	a partial deduction.
	\$10,000 or more	no deduction.