

## **Background and Summary of Changes UU Organizations Retirement Plan Revision (As Amended and Restated, January 1, 2014)**

1. **MUST READ:** The UU Organizations Retirement Plan is changing and every congregation and UUA-related organization that participates in the UUA Plan must adopt a new Employer Participation Agreement if they wish to continue to be a participating employer beyond June 30, 2014. The effective date of the Plan restatement is January 1, 2014 although Participating Congregations/Employers have until June 30, 2014 to adopt the restated Plan. After that date, TIAA-CREF will not be able to accept contributions sent on behalf of employees from congregations/employers who are not participating employers. Congregations/Employers can select the first day of any month between January 1, 2014 and July 1, 2014 as the implementation date. They do so by their Governing Board passing an adoption motion, submitting the 2014 Participation Agreement, and receiving a communication from the UUA Retirement Plan Committee including acknowledgment of the authorized implementation date. The implementation date cannot be retroactive. All Participating Congregations/Employers must follow the provisions of the restated Plan upon the implementation date chosen, but no later than July 1, 2014.
2. **Why the need for a new employer participation agreement?** The UUA Board approved a comprehensive revision of the UU Organizations Retirement Plan (the “Plan”) in June 2013. It did so after more than a year of diligent work by the UUA Retirement Plan Committee (“Committee”). The last comprehensive revision of the Plan, which dates to July 1964, occurred in 1999. While there have been amendments to the Plan since then, much has changed in the defined contribution and mutual fund industries and it was time for a thorough revision. The Committee undertook its revision of the Plan in order to:
  - Offer congregations and other participating employers greater flexibility in the retirement benefits offered their employees;
  - Update Plan provisions to reflect “best practices” in the changing defined contribution environment;
  - Encourage Plan participants to contribute more toward their eventual retirement; and
  - Ensure Plan compliance with changes in federal law and regulations.
3. In May, 2013, prior to finalizing their recommendation to the UUA Board, the Committee requested comments from all participating congregations/employers. The opinions of all the professional organizations (AIM, AUUA, LREDA, SCM, UUMA, and UUMN) belonging to the Council of Church Staff Finances, including the UU Retired Ministers and Partners Association (UURMaPA), and aid societies, were sought during the process. Information about the plan restatement and how to submit comments was also distributed on UU-Money, UU-Leaders, list serves and the “One and One” weekly update.
4. The UUA Plan currently has over 3,000 participants (active employees, terminated employees, retirees, and survivors) in approximately 750 participating congregations/employers. These individuals had \$249.7 million invested as of September 30, 2013. The UUA Plan is a qualified multi-employer 401(a) defined contribution plan with a 401(k) component. This means that it was established to receive employer contributions, but participating employees can also make their own

salary reduction contributions. The UUA Plan falls within the federal definition of a “church plan.” Since the UUA Plan was begun in July 1964, it predates the Employment Retirement Security Act of 1974 (ERISA). The UUA elected not to become an ERISA Plan, although we voluntarily strive to follow “best-practices” under ERISA.

5. UUA oversight and management of the Plan has evolved greatly over the last five years. To provide better advice to the Retirement Plan Committee, we have retained outside legal counsel (McDermott, Will, and Emery) and an independent investment advisor (Fiduciary Investment Advisors) to supplement the day-to-day work of UUA staff. Overall Plan administration and coordination with TIAA-CREF is managed by Linda Rose, Director, UUA Retirement Plan. Linda Rose serves congregational/other employer staff while Rob Molla and Ibrahim Essa, UUA HR staff, serve UUA national staff. The Rev. Richard Nugent, Church Staff Finances Director, is the principle staff liaison to the Retirement Plan Committee.

**Plan Restatement Details:** The major provisions of the retirement Plan restatement are:

1. **Control over the Plan:** The UUA Board retains ultimate control over the Plan, appoints the Retirement Plan Committee, and appoints the record-keeper (currently TIAA-CREF). The UUA Board delegates to the Retirement Plan Committee the authority to make changes to the Plan’s menu of investment options and to make technical amendments to comply with legal or regulatory changes.
2. **UUA Retirement Plan Committee Authority:** In keeping with best practices, the Retirement Plan Committee, rather than the UUA Treasurer, is named the “administrator” of the Plan. The Committee has the authority to:
  - i. Approve the Participation Agreement required of all participating employers;
  - ii. Terminate a participating employer for failure to comply with the terms of the Plan and/or participation agreement.
  - iii. Select investment options for inclusion on the plan’s platform rather than recommending funds to the UUA Board for their approval.
  - iv. Provide overall oversight of the day-to-day administration of the Plan by UUA Staff and the Plan’s record-keeper, TIAA-CREF; and
  - v. Authorize the annual administrative expense fee charged Plan participants.

**Eligibility and Contributions:**

3. **Employee Contributions:** The restated Plan allows all employees, including part-time employees working less than 1,000 hours annually, to enroll in the Plan and begin making tax-deferred employee contributions upon employment. Any current employee of a participating employer may enroll in the plan immediately for the purpose of making their own elective tax-deferred contributions, even if they do not yet meet eligibility requirements to receive contributions from their employer. Under the previous Plan, new employees had to complete an initial year of service during which they worked at least 1,000 hours AND the participating employer had to make an employer contribution of 10 percent or more before any employee could make elective tax-deferred employee contributions. The requirement that employers must contribute 10 percent before employees can make their own elective pre-tax contributions is eliminated.
4. **Auto-Enrollment:** Participating congregations/employers may elect to “auto-enroll” new employees upon employment, and withhold a specified percentage (ranging from 1-6 percent) of

compensation as a pre-tax employee contribution. Employees can opt out of the pre-tax contributions or change the percentage of compensation contributed at any time. Employers who select this “auto-enrollment” option must implement internal on-boarding procedures sufficient to ensure that all employees are provided with timely details and required notification (sample available at [www.uua.org/retirement](http://www.uua.org/retirement)) regarding this feature, the enrollment form, and related mandatory disclosures.

5. **Participant Eligibility for Employer Contributions:** As was the practice of the previous Plan, new employees must begin receiving employer contributions after one year of service during which they worked a minimum of 1,000 hours. If a new employee fails to work 1,000 hours during his/her initial 12 months (e.g. date of hire to the first anniversary date), then the 1,000 hour requirement may be met in any calendar year. New employees who previously worked for another participating employer (e.g. the UUA or another congregation) and met the eligibility criteria for employer contributions will receive employer contributions from day of hire at their new participating employer. Once a Plan participant fulfills the year of eligibility service requirement, they remain eligible for employer contributions even if they work fewer than 1,000 hours in subsequent years or go work for another participating employer.
6. **Minimum Employer Contribution:** The Plan restatement requires a minimum employer contribution of 5 percent for all eligible employees. Under the previous Plan, there was no minimum employer contribution. The employer contribution must be specified on the Participation Agreement and all eligible employees must receive the same percentage employer contribution. Employers must submit proposed changes to their employer contribution percentage to the UUA Retirement Plan Committee by completing a new Participation Agreement.
7. **Optional Employer Match:** The revised Plan gives participating employers the option of offering an employer matching contribution in addition to the required minimum employer contribution (5 percent). The participating employer must specify on the Participation Agreement whether they wish to offer an employee match, and if offered, how much the employer will match. For instance, if an employee is making a voluntary deferred employee contribution of 5 percent, then the employer would match that amount for a total contribution to the employee’s retirement account of 15 percent (consisting of the minimum employer contribution of 5 percent, the employee’s contribution of 5 percent, and the employer’s match of 5 percent).
8. **UUA Fair Compensation Guidelines:** The UUA’s Fair Compensation Guidelines were originally adopted by the UUA Board, ratified by the 1995 General Assembly, and then subsequently amended by the Compensation, Benefits, and Pension Committee. There are many components to these guidelines including a 10 percent employer retirement contribution for all eligible employees. A Task Force to review the Fair Compensation Guidelines will be appointed by the UUA during 2014.
  - For 2014, the UUA Fair Compensation requirement of an employer contribution of a minimum of 10 percent may be met by any combination of employer contributions (base employer contribution and matching contribution) totaling at least 10 percent.
  - For instance, if the base employer contribution is 7 percent and the offered employer match is 3 percent then the participating congregation would meet the Fair Compensation Guideline for retirement plan employer contributions.

9. **Multiple Employers:** Under the provisions of the revised Plan, the initial 1,000 hour eligibility requirement for receiving employer contributions can be met by counting the hours worked by an employee at more than one participating employer.
10. **Definition of Compensation:** For ministers, including highly compensated ministers (those with salaries exceeding \$115,000), the housing allowance is included in the compensation base. Previously, highly compensated ministers' compensation base excluded the housing allowance.

The default definition of compensation for purposes of calculating retirement contributions will be the employee's total remuneration before deductions for elective contributions plus the housing allowance for ministers. On the Participation Agreement, participating employers will be able to exclude certain amounts from the compensation-base:

- i. the payment in lieu of FICA to ministers;
- ii. the gross-up amount for same-gender couples; or
- iii. the value of any employer-paid insurance premiums

11. **Loans:** The updated Plan will allow Plan participants who are no longer actively employed to take out a loan against their retirement funds. Such loans can be beneficial to the Plan participant since the interest payment on the loan is paid back to themselves rather than to a financial institution.
12. **Benefit Claim Procedure:** A new process has been included in the revised Plan document to resolve participant claims for benefits under the Plan.
13. **Spousal Language:** Our Plan restatement extends the same rights and privileges to same-gender spouses and partners as much as legally possible. The revised Plan removes the requirement of spousal approval for loans and distributions while keeping it for designation of a beneficiary other than the spouse.
14. **Employer Participation Agreement:** Each participating congregation/employer will need to adopt a new participation agreement if they wish to remain a participating employer after June 30 2014. The 2014 Employer Participation Agreement clearly summarizes all employer responsibilities and options (e.g., auto-enrollment, employer match, etc.). The participating employer agrees to comply with all the provisions of the restated plan and their signed Participation Agreement. The Office of Church Staff Finances, as guided by the Retirement Plan Committee, may require participating employers to file updated Participation Agreements periodically; employers who wish to change the percentage employer contribution must submit an updated Participation Agreement.
15. **Plan Document:** The text of the restated Plan, along with the existing Plan, the 2014 Participation Agreement Instructions, the 2014 Summary Plan Description, and other helpful information, can be found on the website of the Office of Church Staff Finances at: [www.uua.org/retirement](http://www.uua.org/retirement).

**For More Information:**

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