

**PRESBYTERIAN MISSION AGENCY BOARD
 FEBRUARY 5-7, 2014
 PERSONNEL SUBCOMMITTEE**

**ITEM H.108
 FOR ACTION**

<i>FOR PRESBYTERIAN MISSION AGENCY EXECUTIVE DIRECTOR'S OFFICE USE ONLY</i>				
	A. Finance		E. Corporate Property, Legal, Finance	J. Board Nominating & Governance Subcommittee
	B. Justice		F. PC(USA), A Corporation	P. Plenary
	C. Leadership		G. Audit	
	D. Worshiping Communities	X	H. Executive Committee	

Subject: Report and Recommendations of the Personnel Subcommittee to the Executive Committee

Action Items:

- 1. Subject: Amendment to the Flexible Spending Account Plan (“Cafeteria Plan”)**

Recommendation:

The Personnel Subcommittee recommends that the Executive Committee approve the amendment to the Presbyterian Church (U.S.A.), A Corporation Cafeteria Plan and the Presbyterian Church (U.S.A.), A Corporation Cafeteria Plan Summary Plan Description attached as Exhibit A and authorize the officers of the Employer to take any and all actions necessary to implement this Amendment.

Rationale:

The Board of Pensions adopted a policy that extended benefits to same-gender domestic partners of Benefit Plan members. At its August 7-8, 2013 meeting, the Executive Committee authorized the staff to work with non-Board of Pensions benefit plan vendors to make spousal and dependent benefits available to same-gender domestic partners of employees of the Presbyterian Church (U.S.A.), A Corporation. Staff worked with our Cafeteria Plan vendor, and determined the Cafeteria Plan could and should be amended to implement this plan amendment. The maximum limit was revised from \$7,000 to \$2,500.

- 2. Subject: Proposed revisions to the Churchwide Plan for Equal Employment Opportunity and Affirmative Action**

Recommendation:

The Personnel Subcommittee recommends that the Executive Committee propose for approval by the Presbyterian Mission Agency Board, and the 221st General Assembly (2014), revisions to the Churchwide Plan for Equal Employment Opportunity and Affirmative Action as attached.

See Exhibit B

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Background:

In 1983 the General Assembly and the Book of Order assigned the Presbyterian Mission Agency, formerly known as the General Assembly Council, with the responsibility for “instituting and coordinating a churchwide plan for equal employment opportunity for members of racial ethnic groups, for women, for various age groups, and for persons with disabilities.” A Churchwide Plan for Equal Employment Opportunity was developed in 1985, and Equal Employment Opportunity goals were established by the General Assembly Council for the church. In 1994 the document was revised to include Affirmative Action and was thus retitled, “The Churchwide Plan for Equal Employment Opportunity and Affirmative Action.”

For many years the General Assembly Council (now the Presbyterian Mission Agency) continued in a superintendent role as directed by the General Assembly with responsibility for overseeing the implementation of equal employment opportunity and affirmative action in each of the General Assembly agencies. In 1987 the Associate for Affirmative Action and Equal Employment Opportunity was employed by the General Assembly Council to coordinate the implementation of the denomination’s commitment to inclusiveness through equal employment opportunity. The associate was a liaison between the General Assembly Council and the General Assembly Committee on Representation and provided data for the General Assembly Committee on Representation to carry out its work. Over the course of time it became apparent that each General Assembly agency was in the best position to oversee their own affairs, and their own implementation of the church’s commitment to diversity and inclusiveness. In 2006 the Presbyterian Mission Agency brought a recommendation to the 217th General Assembly requesting that it no longer have superintendent responsibilities for overseeing the other agencies, and the General Assembly concurred.

The Presbyterian Mission Agency, however, still has responsibility for “approval and monitoring of the Churchwide Plan for Equal Employment Opportunity and Affirmative Action,” as outlined in the Organization for Mission. In accordance with this responsibility, the Presbyterian Mission Agency began reviewing the Plan as 2012 ended. The Plan has not been revised since 1994. Many of its original references date at least to 1985, if not to earlier documents from before reunion. For the Plan to be meaningful today, and for the agencies to be accountable, the Plan must be updated to fit today’s employment law, today’s understanding of General Assembly function and structure, and today’s Book of Order, without losing any of the historic commitments of the Presbyterian Church (U.S.A.).

In January 2013, Mission Agency staff entered into conversations with the Human Resources staff of the other five General Assembly agencies regarding the plan about the Churchwide Plan for Equal Employment Opportunity and Affirmative Action. The Human Resources representatives from the General Assembly agencies have worked together to update the Plan, ensuring that each agency has responsibility for implementing the Plan in their own agency. As a result of this effort, the six General Assembly agencies have proposed revisions to Section One, Section Two and the Glossary of the document.

The proposed changes to the document include the following:

- The General Assembly Council’s change in its name to Presbyterian Mission Agency (throughout the document)
- The new listing of protected categories of persons at the beginning of Section One (page 1)
- The change in language in sections on inclusiveness and diversity and unity in the previous editions of the Book of Order to the current language (pages 1 – 2)

- The reference to mid councils instead of presbyteries and synods and governing bodies (throughout the document)
- Clarification of the Presbyterian Mission Agency's role as it relates to the plan (pages 1 and 3)
- Description of the Committee on Representation's role (page 2)
- Clarification that the responsibility for administering and implementing the plan rests with each General Assembly agency (pages 3 - 4)
- Explanation of how General Assembly agencies work in consultation with Advocacy Committee for Racial Ethnic Concerns, the Advocacy Committee for Women's Concerns and the Advisory Committee on Social Witness Policy to determine if changes need to be made to the Churchwide Plan for Equal Employment Opportunity and Affirmative Action (page 3)
- Responsibilities of the Committee of Representation as listed in the Organization for Mission (IV. C.5.b) (page 6)
- Revisions reflecting that each agency have responsibility for implementing its own plan for equal employment opportunity, affirmative action and supplier diversity (pages 6 - 9)

The Presbyterian Mission Agency provided extensive opportunities for the General Assembly Committee on Representation to participate in the review of this policy. Much of the feedback was very helpful and resulted in changes to the document that is being presented.

3. Subject: Proposed Amendment to the Presbyterian Mission Agency Board Covenant

Recommendation:

That the Executive Committee of the Presbyterian Mission Agency Board ("Board") approve and recommend to the Board the following revision to the Board's covenant (addition shown underlined):

"We, the Presbyterian Mission Agency Board called to this ministry as disciples of Jesus Christ, covenant together to:

- **Seek God's will, remaining open to fresh movement of the Holy Spirit, acting boldly and creatively for the sake of the Gospel of Jesus Christ in ministry and mission**
- **Relate to one another and to Presbyterian Mission Agency staff with honesty, trust, respect, openness and kindness, proclaiming God's graciousness by risking and daring transformation in our lives and work**
- **Be faithful stewards, seeking to make wise decisions in partnership with the greater church, doing our homework, listening to all points of view, working for consensus, and faithfully supporting the decisions we have made**
- **Worship and pray with joy and appreciation for God's guidance in doing this work."**

Rationale:

The Personnel Subcommittee recommends amendment of the covenant to recognize the importance of how Board members relate with the Presbyterian Mission Agency staff in performing the work we have all been called to do together.

Information Item:

1. Subject: PMA Compensation Program Revisions

The Presbyterian Mission Agency Board approved the Presbyterian Mission Agency Compensation Program (“Program”) at its meeting held September 12-14, 2012. By its terms, the Program provides that revisions are to be approved by the Personnel Committee [Subcommittee]. The Human Resources Office conducted an annual review of the implementation of the Program over the past year and brings these recommendations for approval of the Personnel Subcommittee and report to the Executive Committee. The Personnel Subcommittee approved the revisions to the “Presbyterian Mission Agency Compensation Program,” attached as Exhibit C.

2. Subject: Personnel Subcommittee Response to letter from ACSWP and ACWC

The Personnel Subcommittee responded to ACSWP’s and ACWC’s April and August 2013 letters regarding pay increases and vendor benefits.

ADOPTING RESOLUTION

The undersigned Principal of Presbyterian Church (U.S.A.) a Corporation (the Employer) hereby certifies that the following resolutions were duly adopted by the Employer on _____, and that such resolutions have not been modified or rescinded as of the date hereof:

RESOLVED, that the form of amended Cafeteria Plan including a Dependent Care Flexible Spending Account and Health Flexible Spending Account effective January 1, ~~2011~~ 2013, presented to this meeting is hereby approved and adopted and that the duly authorized agents of the Employer are hereby authorized and directed to execute and deliver to the Administrator of the Plan one or more counterparts of the Plan.

RESOLVED, that the Administrator shall be instructed to take such actions that are deemed necessary and proper in order to implement the Plan, and to set up adequate accounting and administrative procedures to provide benefits under the Plan.

RESOLVED, that the duly authorized agents of the Employer shall act as soon as possible to notify the employees of the Employer of the adoption of the Cafeteria Plan by delivering to each employee a copy of the summary description of the Plan in the form of the Summary Plan Description presented to this meeting, which form is hereby approved.

The undersigned further certifies that attached hereto as Exhibits A and B, respectively, are true copies of Presbyterian Church (U.S.A.) a Corporation Cafeteria Plan as amended and restated and the Summary Plan Description approved and adopted in the foregoing resolutions.

Principal

Date: _____

PRESBYTERIAN CHURCH (U.S.A.) A CORPORATION CAFETERIA PLAN
AND ALL SUPPORTING FORMS HAVE BEEN PRODUCED FOR
MCGREGOR & ASSOCIATES, INC.

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PRESBYTERIAN CHURCH (U.S.A.) A CORPORATION CAFETERIA PLAN

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PRESBYTERIAN CHURCH (U.S.A.) A CORPORATION CAFETERIA PLAN

INTRODUCTION

The Employer has amended and restated this Plan effective January 1, ~~2011~~, 2013, to recognize the contribution made to the Employer by its Employees. Its purpose is to reward them by providing benefits for those Employees who shall qualify hereunder and their Dependents and beneficiaries. The concept of this Plan is to allow Employees to choose among different types of benefits based on their own particular goals, desires and needs. This Plan ~~is a restatement of a Plan which was originally~~ was last amended and restated effective on January 1, ~~2008-2011~~. The Plan shall be known as Presbyterian Church (U.S.A.) a Corporation Cafeteria Plan (the "Plan").

The intention of the Employer is that the Plan qualify as a "Cafeteria Plan" within the meaning of Section 125 of the Internal Revenue Code of 1986, as amended, and that the benefits which an Employee elects to receive under the Plan be excludable from the Employee's income under Section 125(a) and other applicable sections of the Internal Revenue Code of 1986, as amended.

As of January 1, 2013, the Employer shall permit a Qualified Domestic Partner and such Qualified Domestic Partner's child(ren) to receive benefits under this Plan. While it is the intention of the Employer to permit an Employee to pay for such benefits with pre-tax dollars, federal law only allows an exclusion from the Employee's income under Section 125(a) if a Qualified Domestic Partner and his or her child(ren) qualify as a Dependent for federal tax purposes. Employees shall be permitted to pay for benefits provided to a Qualified Domestic Partner or such Qualified Domestic Partner's child(ren) who are not the Employee's Dependents, but such payments must be in the form of after-tax contributions outside of the Plan as described in Section 3.4.

The Employer also intends that, ~~for purposes of the annual report requirement (Form 5500), this document is considered a "wrap" plan and~~ the terms of the underlying plans for which Participants are making contributions through this Plan are hereby incorporated by reference.

ARTICLE I DEFINITIONS

1.1 **"Administrator"** means the Employer unless another person or entity has been designated by the Employer pursuant to Section 9.1 to administer the Plan on behalf of the Employer. If the Employer is the Administrator, the Employer may appoint any person, including, but not limited to, the Employees of the Employer, to perform the duties of the Administrator. Any person so appointed shall signify acceptance by filing written acceptance with the Employer. Upon the resignation or removal of any individual performing the duties of the Administrator, the Employer may designate a successor.

1.2 **"Affiliated Employer"** means the Employer and any corporation which is a member of a controlled group of corporations (as defined in Code Section 414(b)) which

includes the Employer; any trade or business (whether or not incorporated) which is under common control (as defined in Code Section 414(c)) with the Employer; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code Section 414(m)) which includes the Employer; and any other entity required to be aggregated with the Employer pursuant to Treasury regulations under Code Section 414(o).

1.3 **“Benefit” or “Benefit Options”** means any of the optional benefit choices available to a Participant as outlined in Section 4.1.

1.4 **“Cafeteria Plan Benefit Dollars”** means the amount available to Participants to purchase Benefit Options as provided under Section 4.1. Each dollar contributed to this Plan shall be converted into one Cafeteria Plan Benefit Dollar.

1.5 **“Code”** means the Internal Revenue Code of 1986, as amended or replaced from time to time.

1.6 **“Compensation”** means the amounts received by the Participant from the Employer during a Plan Year.

1.7 **“Covered Partner”** means a Spouse or a Qualified Domestic Partner.

1.8 **“Dependent”** means any individual, including a Qualified Domestic Partner and his or her children, who qualifies as a dependent under the self-funded plan for purposes of that plan or under Code Section 152 (as modified by Code Section 105(b)).

~~1.7~~ **“Dependent”** shall include any Child of a Participant who is covered under an Insurance Contract, as defined in the Contract, as allowed by reason of the Affordable Care Act. A Participant must submit a Tax Certification Form for Qualified Domestic Partners and their Children in order for a Qualified Domestic Partner to be treated as a Dependent under the Plan.

~~1.8~~1.9 **“Effective Date”** means January 1, 2008.

~~1.9~~1.10 **“Election Period”** means the period immediately preceding the beginning of each Plan Year established by the Administrator, such period to be applied on a uniform and nondiscriminatory basis for all Employees and Participants. However, an Employee’s initial Election Period shall be determined pursuant to Section 5.1.

~~1.10~~1.11 **“Eligible Employee”** means any Employee who has satisfied the provisions of Section 2.1.

An individual shall not be an “Eligible Employee” if such individual is not reported on the payroll records of the Employer as a common law employee. In particular, it is expressly intended that individuals not treated as common law employees by the Employer on its payroll records are not “Eligible Employees” and are excluded from Plan participation even if a court or administrative agency determines that such individuals are common law employees and not independent contractors.

However, any Employee who is a “part-time” Employee shall not be eligible to participate in this Plan. A “part-time” Employee is any Employee who works, or is expected to work on a regular basis, less than 20 hours a week and is designated as a part-time Employee on the Employer’s personnel records.

Contract Employees shall not be eligible to participate in the Plan.

~~1.11~~1.12 **“Employee”** means any person who is employed by the Employer. The term Employee shall include leased employees within the meaning of Code Section 414(n)(2).

~~1.12~~1.13 **“Employer”** means Presbyterian Church (U.S.A.) a Corporation and any other Employer (as defined in Section 1.2) which shall adopt this Plan; any successor which shall maintain this Plan; and any predecessor which has maintained this Plan. Presbyterian Church (U.S.A.) Investment & Loan, Inc. is a Participating Employer who will adopt this Plan. In addition, where appropriate, the term Employer shall include any Participating, Affiliated or Adopting Employer.

~~1.13~~1.14 **“Employer Contribution”** means the contributions made by the Employer pursuant to Section 3.1 to enable a Participant to purchase Benefits. These contributions shall be converted to Cafeteria Plan Benefit Dollars and allocated to the funds or accounts established under the Plan pursuant to the Participants’ elections made under Article V and as set forth in Section 3.1.

~~1.14~~1.15 **“Grace Period”** means, with respect to any Plan Year, the time period ending on the fifteenth day of the third calendar month after the end of such Plan Year, during which Medical Expenses and Employment-Related Dependent Care Expenses incurred by a Participant will be deemed to have been incurred during such Plan Year.

~~1.15~~1.16 **“Insurance Contract”** means any contract issued by an Insurer underwriting a Benefit.

~~1.16~~1.17 **“Insurer”** means any insurance company that underwrites a Benefit under this Plan or, with respect to any self-funded benefits, the Employer.

~~1.17~~1.18 **“Key Employee”** means an Employee described in Code Section 416(i)(1) and the Treasury regulations thereunder.

~~1.18~~1.19 **“Participant”** means any Eligible Employee who elects to become a Participant pursuant to Section 2.3 and has not for any reason become ineligible to participate further in the Plan.

~~1.19~~1.20 **“Plan”** means this instrument, including all amendments thereto.

~~1.20~~1.21 **“Plan Year”** means the 12-month period beginning January 1 and ending December 31. The Plan Year shall be the coverage period for the Benefits provided for under this Plan. In the event a Participant commences participation during a Plan Year, then the initial coverage period shall be that portion of the Plan Year commencing on such Participant’s date of entry and ending on the last day of such Plan Year.

~~1.21~~1.22 “**Premium Expenses**” or “**Premiums**” mean the Participant’s cost for the self-funded Benefits described in Section 4.1.

~~1.22~~1.23 “**Premium Expense Reimbursement Account**” means the account established for a Participant pursuant to this Plan to which part of his Cafeteria Plan Benefit Dollars may be allocated and from which Premiums of the Participant shall be paid or reimbursed. If more than one type of insured or self-funded Benefit is elected, sub-accounts shall be established for each type of insured or self-funded Benefit.

1.24 “**Qualified Domestic Partner**” means an individual who is in a legally sanctioned same-gender union with a Participant affording rights of inheritance under the laws of the jurisdiction where the union occurred.

~~1.23~~1.25 “**Salary Redirection**” means the contributions made by the Employer on behalf of Participants pursuant to Section 3.2. These contributions shall be converted to Cafeteria Plan Benefit Dollars and allocated to the funds or accounts established under the Plan pursuant to the Participants’ elections made under Article V.

~~1.24~~1.26 “**Salary Redirection Agreement**” means an agreement between the Participant and the Employer under which the Participant agrees to reduce his Compensation or to forego all or part of the increases in such Compensation and to have such amounts contributed by the Employer to the Plan on the Participant’s behalf. The Salary Redirection Agreement shall apply only to Compensation that has not been actually or constructively received by the Participant as of the date of the agreement (after taking this Plan and Code Section 125 into account) before any applicable state and/or federal taxes have been deducted from such Compensation (i.e., on a pre-tax basis) and, subsequently does not become currently available to the Participant.

~~1.25~~1.27 “**Spouse**” means ~~“spouse” as defined in the self-funded plan for purposes of that plan or the legally married husband or wife of a Participant, unless legally separated by court decree~~an individual who is legally married to a Participant as determined under applicable state law and who is treated as a spouse under the Code.

ARTICLE II PARTICIPATION

2.1 ELIGIBILITY

Any Eligible Employee shall be eligible to participate hereunder as of his date of employment (or the Effective Date of the Plan, if later). However, any Eligible Employee who was a Participant in the Plan on the effective date of this amendment shall continue to be eligible to participate in the Plan.

2.2 EFFECTIVE DATE OF PARTICIPATION

An Eligible Employee shall become a Participant effective as of the date on which he satisfies the requirements of Section 2.1.

2.3 APPLICATION TO PARTICIPATE

An Employee who is eligible to participate in this Plan shall, during the applicable Election Period, complete an application to participate and election of benefits form which the Administrator shall furnish to the Employee. The election made on such form shall be irrevocable until the end of the applicable Plan Year unless the Participant is entitled to change his Benefit elections pursuant to Section 5.4 hereof.

An Eligible Employee shall also be required to execute a Salary Redirection Agreement during the Election Period for the Plan Year during which he wishes to participate in this Plan. Any such Salary Redirection Agreement shall be effective for the first pay period beginning on or after the Employee's effective date of participation pursuant to Section 2.2.

Notwithstanding the foregoing, an Employee who is eligible to participate in this Plan and who is covered by the Employer's insured or self-funded Benefits under this Plan shall automatically become a Participant to the extent of the Premiums for such insurance unless the Employee elects, during the Election Period, not to participate in the Plan.

2.4 TERMINATION OF PARTICIPATION

A Participant shall no longer participate in this Plan upon the occurrence of any of the following events:

- (a) **Termination of employment.** The Participant's termination of employment, subject to the provisions of Section 2.6;
- (b) **Change in employment status.** The end of the Plan Year during which the Participant became a limited Participant because of a change in employment status pursuant to Section 2.5;
- (c) **Death.** The Participant's death, subject to the provisions of Section 2.7; or
- (d) **Termination of the plan.** The termination of this Plan, subject to the provisions of Section 10.2.

2.5 CHANGE OF EMPLOYMENT STATUS

If a Participant ceases to be eligible to participate because of a change in employment status or classification (other than through termination of employment), the Participant shall become a limited Participant in this Plan for the remainder of the Plan Year in which such change of employment status occurs. As a limited Participant, no further Salary Redirection may be made on behalf of the Participant, and, except as otherwise provided herein, all further Benefit elections shall cease, subject to the limited Participant's right to continue coverage under any Insurance Contracts. However, any balances in the limited Participant's Dependent Care Flexible Spending Account may be used during such Plan Year to reimburse the limited Participant for any allowable Employment-Related Dependent Care incurred during the Plan Year. Subject to the provisions of Section 2.6, if the limited Participant later becomes an Eligible Employee, then the limited Participant may again become a full Participant in this Plan,

provided he otherwise satisfies the participation requirements set forth in this Article II as if he were a new Employee and made an election in accordance with Section 5.1.

2.6 TERMINATION OF EMPLOYMENT

If a Participant's employment with the Employer is terminated for any reason other than death, his participation in the Benefit Options provided under Section 4.1 shall be governed in accordance with the following:

(a) **Insurance Benefit.** With regard to Benefits provided under Section 4.1, the Participant's participation in the Plan shall cease, subject to the Participant's right to continue coverage under any Insurance Contract or self-funded benefit for which premiums have already been paid.

(b) **Dependent Care FSA.** With regard to the Dependent Care Flexible Spending Account, the Participant's participation in the Plan shall cease and no further Salary Redirection contributions shall be made. However, such Participant may submit claims for employment related Dependent Care Expense reimbursements for claims incurred up to the date of termination and submitted within 90 days after termination, based on the level of the Participant's Dependent Care Flexible Spending Account as of the date of termination.

(c) **Health FSA.** With regard to the Health Flexible Spending Account, the Participant's participation in the Plan shall cease and no further Salary Redirection contributions shall be made. However, such Participant may submit claims for expenses that were incurred during the portion of the Plan Year before the end of the period for which payments to the Health Flexible Spending Account have already been made for claims incurred up to the date of termination and submitted within 90 days after termination.

(d) **Health FSA treatment.** In the event a Participant terminates his participation in the Health Flexible Spending Account during the Plan Year, if Salary Redirections are made other than on a pro rata basis, upon termination the Participant shall be entitled to a reimbursement for any Salary Redirection previously paid for coverage or benefits relating to the period after the date of the Participant's separation from service regardless of the Participant's claims or reimbursements as of such date.

2.7 DEATH

If a Participant dies, his participation in the Plan shall cease. However, such Participant's ~~spouse~~Spouse or Dependents may submit claims for expenses or benefits for the remainder of the Plan Year or until the Cafeteria Plan Benefit Dollars allocated to each specific benefit are exhausted. In no event may reimbursements be paid to someone who is not a ~~spouse~~Spouse or Dependent.

**ARTICLE III
CONTRIBUTIONS TO THE PLAN**

3.1 EMPLOYER CONTRIBUTION

The Employer shall make available to each Participant an Employer Contribution to be used for any Benefit under the Plan in an amount to be determined by the Employer prior to the beginning of each Plan Year. Each Participant's Employer Contribution shall be converted to Cafeteria Plan Benefit Dollars and be available to purchase Benefits as set forth above. The Employer's Contribution shall be made on a pro rata basis for each pay period of the Participant. If no Benefits are selected, there shall be no Employer Contribution.

3.2 SALARY REDIRECTION

If a Participant's Employer Contribution is not sufficient to cover the cost of Benefits or Premium Expenses he elects pursuant to Section 4.1, his Compensation will be reduced in an amount equal to the difference between the cost of Benefits he elected and the amount of Employer Contribution available to him. Such reduction shall be his Salary Redirection, which the Employer will use on his behalf, together with his Employer Contribution, to pay for the Benefits he elected. The amount of such Salary Redirection shall be specified in the Salary Redirection Agreement and shall be applicable for a Plan Year. Notwithstanding the above, for new Participants, the Salary Redirection Agreement shall only be applicable from the first day of the pay period following the Employee's entry date up to and including the last day of the Plan Year. These contributions shall be converted to Cafeteria Plan Benefit Dollars and allocated to the funds or accounts established under the Plan pursuant to the Participants' elections made under Article V and as set forth in Section 3.1.

Any Salary Redirection shall be determined prior to the beginning of a Plan Year (subject to initial elections pursuant to Section 5.1) and prior to the end of the Election Period and shall be irrevocable for such Plan Year. However, a Participant may revoke a Benefit election or a Salary Redirection Agreement after the Plan Year has commenced and make a new election with respect to the remainder of the Plan Year, if both the revocation and the new election are on account of and consistent with a change in status and such other permitted events as determined under Article V of the Plan and consistent with the rules and regulations of the Department of the Treasury. Salary Redirection amounts shall be contributed on a pro rata basis for each pay period during the Plan Year. All individual Salary Redirection Agreements are deemed to be part of this Plan and incorporated by reference hereunder.

3.3 AFTER-TAX CONTRIBUTIONS FOR PREMIUM EXPENSES

For those Participants who elect to pay their share of the cost of Benefits or Premium Expenses with after-tax deductions, such as for the Benefits or Premium Expenses related to coverage for a Qualified Domestic Partner who does not qualify as a Dependent, the Employee portion of such Contributions will be paid outside of this Plan.

3.4 ~~3.3~~ APPLICATION OF CONTRIBUTIONS

As soon as reasonably practical after each payroll period, the Employer shall apply the Employer Contribution and Salary Redirection to provide the Benefits elected by the affected Participants. Any contribution made or withheld for the Health Flexible Spending Account or Dependent Care Flexible Spending Account shall be credited to such fund or account. Amounts designated for the Participant's Premium Expense Reimbursement Account shall likewise be credited to such account for the purpose of paying Premium Expenses.

3.5 ~~3.4~~ PERIODIC CONTRIBUTIONS

Notwithstanding the requirement provided above and in other Articles of this Plan that Salary Redirections be contributed to the Plan by the Employer on behalf of an Employee on a level and pro rata basis for each payroll period, the Employer and Administrator may implement a procedure in which Salary Redirections are contributed throughout the Plan Year on a periodic basis that is not pro rata for each payroll period. However, with regard to the Health Flexible Spending Account, the payment schedule for the required contributions may not be based on the rate or amount of reimbursements during the Plan Year. In the event Salary Redirections to the Health Flexible Spending Account are not made on a pro rata basis, upon termination of participation, a Participant may be entitled to a refund of such Salary Redirections pursuant to Section 2.6.

**ARTICLE IV
BENEFITS**

4.1 BENEFIT OPTIONS

Each Participant may elect any one or more of the following optional Benefits:

- (1) Health Flexible Spending Account
- (2) Dependent Care Flexible Spending Account

In addition, each Participant shall have a sufficient portion of his Employer Contributions and Salary Redirections applied to the following Benefits unless the Participant elects not to receive such Benefits:

- (3) Health Insurance Benefit
- (4) Dental Insurance Benefit
- (5) Vision Insurance Benefit
- (6) Accidental Death and Dismemberment Insurance Benefit
- (7) Other Insurance Benefit

4.2 HEALTH FLEXIBLE SPENDING ACCOUNT BENEFIT

Each Participant may elect to participate in the Health Flexible Spending Account option, in which case Article VI shall apply.

4.3 DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT BENEFIT

Each Participant may elect to participate in the Dependent Care Flexible Spending Account option, in which case Article VII shall apply.

4.4 HEALTH INSURANCE BENEFIT

(a) **Coverage for Participant and Dependents.** Each Participant may elect to be covered under a health Contract for the Participant, his or her ~~Spouse~~Covered Partner, and his or her Dependents.

(b) **Employer selects contracts.** The Employer may select suitable health Contracts for use in providing this health insurance benefit, which policies will provide uniform benefits for all Participants electing this Benefit.

(c) **Contract incorporated by reference.** The rights and conditions with respect to the benefits payable from such health Contract shall be determined therefrom, and such Contract shall be incorporated herein by reference.

4.5 DENTAL INSURANCE BENEFIT

(a) **Coverage for Participant and/or Dependents.** Each Participant may elect to be covered under the Employer's dental Insurance Contract. In addition, the Participant may elect either individual or family coverage under such Insurance Contract.

(b) **Employer selects contracts.** The Employer may select suitable dental Insurance Contracts for use in providing this dental insurance benefit, which policies will provide uniform benefits for all Participants electing this Benefit.

(c) **Contract incorporated by reference.** The rights and conditions with respect to the benefits payable from such dental Insurance Contract shall be determined therefrom, and such dental Insurance Contract shall be incorporated herein by reference.

4.6 VISION INSURANCE BENEFIT

(a) **Coverage for Participant and/or Dependents.** Each Participant may elect to be covered under the Employer's vision Insurance Contract. In addition, the Participant may elect either individual or family coverage.

(b) **Employer selects contracts.** The Employer may select suitable vision Insurance Contracts for use in providing this vision insurance benefit, which policies will provide uniform benefits for all Participants electing this Benefit.

(c) **Contract incorporated by reference.** The rights and conditions with respect to the benefits payable from such vision Insurance Contract shall be determined therefrom, and such vision Insurance Contract shall be incorporated herein by reference.

4.7 ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE BENEFIT

(a) **Coverage for Participant and/or Dependents.** Each Participant may elect to be covered under the Employer's accidental death and dismemberment Insurance Contract.

(b) **Employer selects contracts.** The Employer may select suitable accidental death and dismemberment policies for use in providing this accidental death and dismemberment insurance benefit, which policies will provide uniform benefits for all Participants electing this Benefit.

(c) **Contract incorporated by reference.** The rights and conditions with respect to the benefits payable from such accidental death and dismemberment Insurance Contract shall be determined therefrom, and such accidental death and dismemberment Insurance Contract shall be incorporated herein by reference.

4.8 OTHER INSURANCE BENEFIT

(a) **Employer selects contracts.** The Employer may select additional health or other policies allowed under Code Section 125 or allow the purchase of additional health or other policies by and for Participants, which policies will provide uniform benefits for all Participants electing this Benefit.

(b) **Contract incorporated by reference.** The rights and conditions with respect to the benefits payable from any additional Insurance Contract shall be determined therefrom, and such Insurance Contract shall be incorporated herein by reference.

4.9 CASH BENEFIT

If a Participant does not elect any Salary Redirections, such Participant shall be deemed to have chosen the Cash Benefit as his sole Benefit Option. However, if a Participant fails to make any election of Benefit Option, then the Employer Contribution will be deemed to be waived.

4.10 NONDISCRIMINATION REQUIREMENTS

(a) **Intent to be nondiscriminatory.** It is the intent of this Plan to provide benefits to a classification of employees which the Secretary of the Treasury finds not to be discriminatory in favor of the group in whose favor discrimination may not occur under Code Section 125.

(b) **25% concentration test.** It is the intent of this Plan not to provide qualified benefits as defined under Code Section 125 to Key Employees in amounts that

exceed 25% of the aggregate of such Benefits provided for all Eligible Employees under the Plan. For purposes of the preceding sentence, qualified benefits shall not include benefits which (without regard to this paragraph) are includible in gross income.

(c) **Adjustment to avoid test failure.** If the Administrator deems it necessary to avoid discrimination or possible taxation to Key Employees or a group of employees in whose favor discrimination may not occur in violation of Code Section 125, it may, but shall not be required to, reduce contributions or non-taxable Benefits in order to assure compliance with this Section. Any act taken by the Administrator under this Section shall be carried out in a uniform and nondiscriminatory manner. If the Administrator decides to reduce contributions or non-taxable Benefits, it shall be done in the following manner. First, the non-taxable Benefits of the affected Participant (either an employee who is highly compensated or a Key Employee, whichever is applicable) who has the highest amount of non-taxable Benefits for the Plan Year shall have his non-taxable Benefits reduced until the discrimination tests set forth in this Section are satisfied or until the amount of his non-taxable Benefits equals the non-taxable Benefits of the affected Participant who has the second highest amount of non-taxable Benefits. This process shall continue until the nondiscrimination tests set forth in this Section are satisfied. With respect to any affected Participant who has had Benefits reduced pursuant to this Section, the reduction shall be made proportionately among Health Flexible Spending Account Benefits and Dependent Care Flexible Spending Account Benefits, and once all these Benefits are expended, proportionately among self-funded Benefits. Contributions which are not utilized to provide Benefits to any Participant by virtue of any administrative act under this paragraph shall be forfeited and deposited into the benefit plan surplus.

ARTICLE V PARTICIPANT ELECTIONS

5.1 INITIAL ELECTIONS

An Employee who meets the eligibility requirements of Section 2.1 on the first day of, or during, a Plan Year may elect to participate in this Plan for all or the remainder of such Plan Year, provided he elects to do so on or before his effective date of participation pursuant to Section 2.2.

Notwithstanding the foregoing, an Employee who is eligible to participate in this Plan and who is covered by the Employer's insured or self-funded benefits under this Plan shall automatically become a Participant to the extent of the Premiums for such insurance unless the Employee elects, during the Election Period, not to participate in the Plan.

5.2 SUBSEQUENT ANNUAL ELECTIONS

During the Election Period prior to each subsequent Plan Year, each Participant shall be given the opportunity to elect, on an election of benefits form to be provided by the Administrator, which spending account Benefit options he wishes to select. Any such election shall be effective for any Benefit expenses incurred during the Plan Year which follows the end

of the Election Period. With regard to subsequent annual elections, the following options shall apply:

- (a) A Participant or Employee who failed to initially elect to participate may elect different or new Benefits under the Plan during the Election Period;
- (b) A Participant may terminate his participation in the Plan by notifying the Administrator in writing during the Election Period that he does not want to participate in the Plan for the next Plan Year;
- (c) An Employee who elects not to participate for the Plan Year following the Election Period will have to wait until the next Election Period before again electing to participate in the Plan, except as provided for in Section 5.4.

5.3 FAILURE TO ELECT

With regard to Benefits available under the Plan for which no Premium Expenses apply, any Participant who fails to complete a new benefit election form pursuant to Section 5.2 by the end of the applicable Election Period shall be deemed to have elected not to participate in the Plan for the upcoming Plan Year. No further Salary Redirections shall therefore be authorized or made for the subsequent Plan Year for such Benefits.

With regard to Benefits available under the Plan for which Premium Expenses apply, any Participant who fails to complete a new benefit election form pursuant to Section 5.2 by the end of the applicable Election Period shall be deemed to have made the same Benefit elections as are then in effect for the current Plan Year. The Participant shall also be deemed to have elected Salary Redirection in an amount necessary to purchase such Benefit options.

5.4 CHANGE IN STATUS

(a) **Change in status defined.** Any Participant may change a Benefit election after the Plan Year (to which such election relates) has commenced and make new elections with respect to the remainder of such Plan Year if, under the facts and circumstances, the changes are necessitated by and are consistent with a change in status which is acceptable under rules and regulations adopted by the Department of the Treasury, the provisions of which are incorporated by reference. Notwithstanding anything herein to the contrary, if the rules and regulations conflict, then such rules and regulations shall control.

In general, a change in election is not consistent if the change in status is the Participant's divorce, annulment or legal separation from a Spouse, the death of a Spouse or Dependent, or a Dependent ceasing to satisfy the eligibility requirements for coverage, and the Participant's election under the Plan is to cancel accident or health insurance coverage for any individual other than the one involved in such event. In addition, if the Participant, Spouse or Dependent gains or loses eligibility for coverage, then a Participant's election under the Plan to cease or decrease coverage for that individual under the Plan corresponds with that change in status only if coverage for that individual becomes applicable or is increased under the family member plan.

Regardless of the consistency requirement, if the individual, the individual's Spouse, or Dependent becomes eligible for continuation coverage under the Employer's group health plan as provided in Code Section 4980B or any similar state law, then the individual may elect to increase payments under this Plan in order to pay for the continuation coverage. However, this does not apply for COBRA eligibility due to divorce, annulment or legal separation.

Any new election shall be effective at such time as the Administrator shall prescribe, but not earlier than the first pay period beginning after the election form is completed and returned to the Administrator. For the purposes of this subsection, a change in status shall only include the following events or other events permitted by Treasury regulations:

- (1) Legal Marital Status: events that change a Participant's legal marital status, including marriage, divorce, death of a Spouse, legal separation or annulment;
- (2) Number of Dependents: Events that change a Participant's number of Dependents, including birth, adoption, placement for adoption, or death of a Dependent;
- (3) Employment Status: Any of the following events that change the employment status of the Participant, Spouse, or Dependent: termination or commencement of employment, a strike or lockout, commencement or return from an unpaid leave of absence, or a change in worksite. In addition, if the eligibility conditions of this Plan or other employee benefit plan of the Employer of the Participant, Spouse, or Dependent depend on the employment status of that individual and there is a change in that individual's employment status with the consequence that the individual becomes (or ceases to be) eligible under the plan, then that change constitutes a change in employment under this subsection;
- (4) Dependent satisfies or ceases to satisfy the eligibility requirements: An event that causes the Participant's Dependent to satisfy or cease to satisfy the requirements for coverage due to attainment of age, student status, or any similar circumstance; and
- (5) Residency: A change in the place of residence of the Participant, Spouse or Dependent, that would lead to a change in status (such as a loss of HMO coverage).

For the Dependent Care Flexible Spending Account, a Dependent becoming or ceasing to be a "Qualifying Dependent" as defined under Code Section 21(b) shall also qualify as a change in status.

Notwithstanding anything in this Section to the contrary, the gain of eligibility or change in eligibility of a child, as allowed under Code Sections 105(b) and 106, and IRS Notice 2010-38, shall qualify as a change in status.

(b) **Special enrollment rights.** Notwithstanding subsection (a), the Participants may change an election for accident or health coverage during a Plan Year and make a new election that corresponds with the special enrollment rights provided in Code Section 9801(f), including those authorized under the provisions of the Children's Health Insurance Program Reauthorization Act of 2009 (SCHIP); provided that such Participant meets the sixty (60) day notice requirement imposed by Code Section 9801(f) (or such longer period as may be permitted by the Plan and communicated to Participants). Such change shall take place on a prospective basis, unless otherwise required by Code Section 9801(f) to be retroactive.

(c) **Qualified Medical Support Order.** Notwithstanding subsection (a), in the event of a judgment, decree, or order (including approval of a property settlement) ("order") resulting from a divorce, legal separation, annulment, or change in legal custody which requires accident or health coverage for a Participant's child (including a foster child who is a Dependent of the Participant):

(1) The Plan may change an election to provide coverage for the child if the order requires coverage under the Participant's plan; or

(2) The Participant shall be permitted to change an election to cancel coverage for the child if the order requires the former Spouse to provide coverage for such child, under that individual's plan and such coverage is actually provided.

(d) **Medicare or Medicaid.** Notwithstanding subsection (a), a Participant may change elections to cancel accident or health coverage for the Participant or the Participant's Spouse or Dependent if the Participant or the Participant's Spouse or Dependent is enrolled in the accident or health coverage of the Employer and becomes entitled to coverage (i.e., enrolled) under Part A or Part B of the Title XVIII of the Social Security Act (Medicare) or Title XIX of the Social Security Act (Medicaid), other than coverage consisting solely of benefits under Section 1928 of the Social Security Act (the program for distribution of pediatric vaccines). If the Participant or the Participant's Spouse or Dependent who has been entitled to Medicaid or Medicare coverage loses eligibility, that individual may prospectively elect coverage under the Plan if a benefit package option under the Plan provides similar coverage.

(e) **Cost increase or decrease.** If the cost of a Benefit provided under the Plan increases or decreases during a Plan Year, then the Plan shall automatically increase or decrease, as the case may be, the Salary Redirections of all affected Participants for such Benefit. Alternatively, if the cost of a benefit package option increases significantly, the Administrator shall permit the affected Participants to either make corresponding changes in their payments or revoke their elections and, in lieu thereof, receive on a prospective basis coverage under another benefit package option with similar coverage, or drop coverage prospectively if there is no benefit package option with similar coverage.

A cost increase or decrease refers to an increase or decrease in the amount of elective contributions under the Plan, whether resulting from an action taken by the Participants or an action taken by the Employer.

(f) **Loss of coverage.** If the coverage under a Benefit is significantly curtailed or ceases during a Plan Year, affected Participants may revoke their elections of such Benefit and, in lieu thereof, elect to receive on a prospective basis coverage under another plan with similar coverage, or drop coverage prospectively if no similar coverage is offered.

(g) **Addition of a new benefit.** If, during the period of coverage, a new benefit package option or other coverage option is added, an existing benefit package option is significantly improved, or an existing benefit package option or other coverage option is eliminated, then the affected Participants may elect the newly-added option, or elect another option if an option has been eliminated prospectively and make corresponding election changes with respect to other benefit package options providing similar coverage. In addition, those Eligible Employees who are not participating in the Plan may opt to become Participants and elect the new or newly improved benefit package option.

(h) **Loss of coverage under certain other plans.** A Participant may make a prospective election change to add group health coverage for the Participant, the Participant's Spouse or Dependent if such individual loses group health coverage sponsored by a governmental or educational institution, including a state children's health insurance program under the Social Security Act, the Indian Health Service or a health program offered by an Indian tribal government, a state health benefits risk pool, or a foreign government group health plan.

(i) **Change of coverage due to change under certain other plans.** A Participant may make a prospective election change that is on account of and corresponds with a change made under the plan of a Spouse's, former Spouse's or Dependent's employer if (1) the cafeteria plan or other benefits plan of the Spouse's, former Spouse's or Dependent's employer permits its participants to make a change; or (2) the cafeteria plan permits participants to make an election for a period of coverage that is different from the period of coverage under the cafeteria plan of a Spouse's, former Spouse's or Dependent's employer.

(j) **Change in dependent care provider.** A Participant may make a prospective election change that is on account of and corresponds with a change by the Participant in the dependent care provider. The availability of dependent care services from a new childcare provider is similar to a new benefit package option becoming available. A cost change is allowable in the Dependent Care Flexible Spending Account only if the cost change is imposed by a dependent care provider who is not related to the Participant, as defined in Code Section 152(a)(1) through (8).

(k) **Health FSA cannot change due to insurance change.** A Participant shall not be permitted to change an election to the Health Flexible Spending Account as a result of a cost or coverage change under any health insurance benefits.

**ARTICLE VI
HEALTH FLEXIBLE SPENDING ACCOUNT**

6.1 ESTABLISHMENT OF PLAN

This Health Flexible Spending Account is intended to qualify as a medical reimbursement plan under Code Section 105 and shall be interpreted in a manner consistent with such Code Section and the Treasury regulations thereunder. Participants who elect to participate in this Health Flexible Spending Account may submit claims for the reimbursement of Medical Expenses. All amounts reimbursed shall be periodically paid from amounts allocated to the Health Flexible Spending Account. Periodic payments reimbursing Participants from the Health Flexible Spending Account shall in no event occur less frequently than monthly.

6.2 DEFINITIONS

For the purposes of this Article and the Cafeteria Plan, the terms below have the following meaning:

(a) **“Health Flexible Spending Account”** means the account established for Participants pursuant to this Plan to which part of their Cafeteria Plan Benefit Dollars may be allocated and from which all allowable Medical Expenses incurred by a Participant, his or her Spouse and his or her Dependents may be reimbursed.

(b) **“Health Flexible Spending Account Remainder Amount”** means that portion of the Employer’s Contribution, if any, allocated to the Health Flexible Spending Account, determined assuming that Employer Contributions which are converted to Cafeteria Plan Benefit Dollars are first applied to all other Benefits elected by the Participant under the Plan.

(c) **“Highly Compensated Participant”** means, for the purposes of this Article and determining discrimination under Code Section 105(h), a participant who is:

- (1) one of the 5 highest paid officers;
- (2) a shareholder who owns (or is considered to own applying the rules of Code Section 318) more than 10 percent in value of the stock of the Employer; or
- (3) among the highest paid 25 percent of all Employees (other than exclusions permitted by Code Section 105(h)(3)(B) for those individuals who are not Participants).

(d) **“Medical Expenses”** means any expense for medical care within the meaning of the term “medical care” as defined in Code Section 213(d) and the rulings and

Treasury regulations thereunder, and not otherwise used by the Participant as a deduction in determining his tax liability under the Code. "Medical Expenses" can be incurred by the Participant, his or her Spouse and his or her Dependents. "Incurred" means, with regard to Medical Expenses, when the Participant is provided with the medical care that gives rise to the Medical Expense and not when the Participant is formally billed or charged for, or pays for, the medical care.

Effective January 1, 2011, including amounts related to the Grace Period for the 2010 Plan Year, a Participant may not be reimbursed for the cost of any medicine or drug that is not "prescribed" within the meaning of Code Section 106(f) or is not insulin.

A Participant may not be reimbursed for the cost of other health coverage such as premiums paid under plans maintained by the employer of the Participant's Spouse or individual policies maintained by the Participant or his Spouse or Dependent.

A Participant may not be reimbursed for "qualified long-term care services" as defined in Code Section 7702B(c).

(e) The definitions of Article I are hereby incorporated by reference to the extent necessary to interpret and apply the provisions of this Health Flexible Spending Account.

6.3 FORFEITURES

The amount in the Health Flexible Spending Account as of the end of any Plan Year (and after the processing of all claims for such Plan Year pursuant to Section 6.7 hereof) shall be forfeited and credited to the benefit plan surplus. In such event, the Participant shall have no further claim to such amount for any reason, subject to Section 8.2.

6.4 LIMITATION ON ALLOCATIONS

Notwithstanding any provision contained in this Health Flexible Spending Account to the contrary, effective January 1, 2013, the maximum amount that may be allocated to the Health Flexible Spending Account by a Participant in or on account of any Plan Year is ~~\$7,000~~ 2,500.

6.5 NONDISCRIMINATION REQUIREMENTS

(a) **Intent to be nondiscriminatory.** It is the intent of this Health Flexible Spending Account not to discriminate in violation of the Code and the Treasury regulations thereunder.

(b) **Adjustment to avoid test failure.** If the Administrator deems it necessary to avoid discrimination under this Health Flexible Spending Account, it may, but shall not be required to, reject any elections or reduce contributions or Benefits in order to assure compliance with this Section. Any act taken by the Administrator under this Section shall be carried out in a uniform and nondiscriminatory manner. If the Administrator decides to reject any elections or reduce contributions or Benefits, it shall

be done in the following manner. First, the Benefits designated for the Health Flexible Spending Account by the member of the group in whose favor discrimination may not occur pursuant to Code Section 105 that elected to contribute the highest amount to the fund for the Plan Year shall be reduced until the nondiscrimination tests set forth in this Section or the Code are satisfied, or until the amount designated for the fund equals the amount designated for the fund by the next member of the group in whose favor discrimination may not occur pursuant to Code Section 105 who has elected the second highest contribution to the Health Flexible Spending Account for the Plan Year. This process shall continue until the nondiscrimination tests set forth in this Section or the Code are satisfied. Contributions which are not utilized to provide Benefits to any Participant by virtue of any administrative act under this paragraph shall be forfeited and credited to the benefit plan surplus.

6.6 COORDINATION WITH CAFETERIA PLAN

All Participants under the Cafeteria Plan are eligible to receive Benefits under this Health Flexible Spending Account. The enrollment under the Cafeteria Plan shall constitute enrollment under this Health Flexible Spending Account. In addition, other matters concerning contributions, elections and the like shall be governed by the general provisions of the Cafeteria Plan.

6.7 HEALTH FLEXIBLE SPENDING ACCOUNT CLAIMS

(a) **Expenses must be incurred during Plan Year.** All Medical Expenses incurred by a Participant, his or her Spouse and his or her Dependents during the Plan Year including the Grace Period shall be reimbursed during the Plan Year subject to Section 2.6, even though the submission of such a claim occurs after his participation hereunder ceases; but provided that the Medical Expenses were incurred during the applicable Plan Year. Medical Expenses are treated as having been incurred when the Participant is provided with the medical care that gives rise to the medical expenses, not when the Participant is formally billed or charged for, or pays for the medical care.

(b) **Reimbursement available throughout Plan Year.** The Administrator shall direct the reimbursement to each eligible Participant for all allowable Medical Expenses, up to a maximum of the amount designated by the Participant for the Health Flexible Spending Account for the Plan Year. Reimbursements shall be made available to the Participant throughout the year without regard to the level of Cafeteria Plan Benefit Dollars which have been allocated to the fund at any given point in time. Furthermore, a Participant shall be entitled to reimbursements only for amounts in excess of any payments or other reimbursements under any health care plan covering the Participant and/or his Spouse or Dependents.

(c) **Payments.** Reimbursement payments under this Plan shall be made directly to the Participant. However, in the Administrator's discretion, payments may be made directly to the service provider. The application for payment or reimbursement shall be made to the Administrator on an acceptable form within a reasonable time of incurring the debt or paying for the service. The application shall include a written

statement from an independent third party stating that the Medical Expense has been incurred and the amount of such expense. Furthermore, the Participant shall provide a written statement that the Medical Expense has not been reimbursed or is not reimbursable under any other health plan coverage and, if reimbursed from the Health Flexible Spending Account, such amount will not be claimed as a tax deduction. The Administrator shall retain a file of all such applications.

(d) **Grace Period.** Notwithstanding anything in this Section to the contrary, Medical Expenses incurred during the Grace Period, up to the remaining account balance, shall also be deemed to have been incurred during the Plan Year to which the Grace Period relates.

(e) **Claims for reimbursement.** Claims for the reimbursement of Medical Expenses incurred in any Plan Year shall be paid as soon after a claim has been filed as is administratively practicable; provided however, that if a Participant fails to submit a claim within 90 days after the end of the Plan Year, those Medical Expense claims shall not be considered for reimbursement by the Administrator. Non-prescription drug costs incurred during the Grace Period related to the 2010 Plan Year shall not be reimbursed. However, if a Participant terminates employment during the Plan Year, claims for the reimbursement of Medical Expenses must be submitted within 90 days after termination of employment.

6.8 DEBIT AND CREDIT CARDS

Participants may, subject to a procedure established by the Administrator and applied in a uniform nondiscriminatory manner, use debit and/or credit (stored value) cards (“cards”) provided by the Administrator and the Plan for payment of Medical Expenses, subject to the following terms:

(a) **Card only for medical expenses.** Each Participant issued a card shall certify that such card shall only be used for Medical Expenses. The Participant shall also certify that any Medical Expense paid with the card has not already been reimbursed by any other plan covering health benefits and that the Participant will not seek reimbursement from any other plan covering health benefits.

(b) **Card issuance.** Such card shall be issued upon the Participant’s Effective Date of Participation and reissued for each Plan Year the Participant remains a Participant in the Health Flexible Spending Account. Such card shall be automatically cancelled upon the Participant’s death or termination of employment, or if such Participant has a change in status that results in the Participant’s withdrawal from the Health Flexible Spending Account.

(c) **Maximum dollar amount available.** The dollar amount of coverage available on the card shall be the amount elected by the Participant for the Plan Year. The maximum dollar amount of coverage available shall be the maximum amount for the Plan Year as set forth in Section 6.4.

(d) **Only available for use with certain service providers.** The cards shall only be accepted by such merchants and service providers as have been approved by the Administrator.

(e) **Card use.** The cards shall only be used for Medical Expense purchases at these providers, including, but not limited to, the following:

- (1) Co-payments for doctor and other medical care;
- (2) Purchase of prescription drugs;
- (3) Purchase of medical items such as eyeglasses, syringes, crutches, etc.

(f) **Substantiation.** Such purchases by the cards shall be subject to substantiation by the Administrator, usually by submission of a receipt from a service provider describing the service, the date and the amount. The Administrator shall also follow the requirements set forth in Revenue Ruling 2003-43 and Notice 2006-69. All charges shall be conditional pending confirmation and substantiation.

(g) **Correction methods.** If such purchase is later determined by the Administrator to not qualify as a Medical Expense, the Administrator, in its discretion, shall use one of the following correction methods to make the Plan whole. Until the amount is repaid, the Administrator shall take further action to ensure that further violations of the terms of the card do not occur, up to and including denial of access to the card.

- (1) Repayment of the improper amount by the Participant;
- (2) Withholding the improper payment from the Participant's wages or other compensation to the extent consistent with applicable federal or state law;
- (3) Claims substitution or offset of future claims until the amount is repaid; and
- (4) if subsections (1) through (3) fail to recover the amount, consistent with the Employer's business practices, the Employer may treat the amount as any other business indebtedness.

6.9 QUALIFIED RESERVIST DISTRIBUTIONS

(a) **Qualified Reservist Distribution.** A Participant may request a Qualified Reservist Distribution, provided the following provisions are satisfied. "Qualified Reservist Distribution" means any distribution to a Participant of all or a portion of the balance in the Participant's Health Flexible Spending Account if:

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(1) Such Participant was an individual who was (by reason of being a member of a reserve component (as defined in Section 101 of Title 37, United States Code)) ordered or called to active duty for a period of 180 days or more or for an indefinite period.

(2) A Participant may have been called prior to June 18, 2008, provided the individual's active duty continues after June 18, 2008 and the period of duty complies with subsection (a).

(3) The distribution is made during the period beginning on the date of the order or call that applies to the Participant and ending on the last day of the Plan Year (or Grace Period) which includes the date of such order or call.

(4) The Qualified Reservist Distribution option is offered to all Participants who qualify under this Article.

(5) Qualified Reservist Distributions may only be made if the Participant is ordered or called to active duty, not the Participant's spouse or dependents.

(6) Under Section 101 of the Title 37 of the United States Code, "reserve component" means: (1) the Army National Guard, (2) the Army Reserve, (3) the Navy Reserve, (4) the Marine Corps Reserve, (5) the Air National Guard, (6) the Air Force Reserve, (7) the Coast Guard Reserve, or (8) the Reserve Corps of the Public Health Service.

(b) Conditions: The following conditions apply:

(1) The Employer must receive a copy of the order or call to active duty and may rely on the order or call to determine the period that the Participant has been ordered or called to duty.

(2) Eligibility for a Qualified Reservist Distribution is not affected if the order or call is for 180 days or more or is indefinite, but the actual period of active duty is less than 180 days or is changed otherwise from the order or call.

(3) If the original order is less than 180 days, then no Qualified Reservist Distribution is allowed. However, if subsequent calls or orders increase the total days of active duty to 180 or more, then a Qualified Reservist Distribution will be allowed.

(c) Amount: The amount a Participant may be reimbursed from the Health Flexible Spending Account is the amount contributed by the Participant to the Health Flexible Spending Account as of the date of the distribution request, less any reimbursements received as of the date of the distribution request.

(d) **Procedure.** The Employer must specify a process for requesting the distribution. The Employer may limit the number of distributions processed for a Participant to One (1) per Plan Year. The distribution request must be made on or after the call or order and before the last day of the Grace Period. The QRD shall be paid within a reasonable time but in no event more than 60 days after the date of the request.

(e) **Claims.** Claims incurred prior to the date of the request of the distribution shall be paid as any other claim. Claims incurred after the date of the distribution shall not be paid and the Participant's right to submit a claim shall be terminated as of the date of the distribution request.

ARTICLE VII DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT

7.1 ESTABLISHMENT OF ACCOUNT

This Dependent Care Flexible Spending Account is intended to qualify as a program under Code Section 129 and shall be interpreted in a manner consistent with such Code Section. Participants who elect to participate in this program may submit claims for the reimbursement of Employment-Related Dependent Care Expenses. All amounts reimbursed shall be paid from amounts allocated to the Participant's Dependent Care Flexible Spending Account.

7.2 DEFINITIONS

For the purposes of this Article and the Cafeteria Plan the terms below shall have the following meaning:

(a) **"Dependent Care Flexible Spending Account"** means the account established for a Participant pursuant to this Article to which part of his Cafeteria Plan Benefit Dollars may be allocated and from which Employment-Related Dependent Care Expenses of the Participant may be reimbursed for the care of the Qualifying Dependents of Participants.

(b) **"Earned Income"** means earned income as defined under Code Section 32(c)(2), but excluding such amounts paid or incurred by the Employer for dependent care assistance to the Participant.

(c) **"Employment-Related Dependent Care Expenses"** means the amounts paid for expenses of a Participant for those services which if paid by the Participant would be considered employment related expenses under Code Section 21(b)(2). Generally, they shall include expenses for household services and for the care of a Qualifying Dependent, to the extent that such expenses are incurred to enable the Participant to be gainfully employed for any period for which there are one or more Qualifying Dependents with respect to such Participant. Employment-Related Dependent Care Expenses are treated as having been incurred when the Participant's Qualifying Dependents are provided with the dependent care that gives rise to the Employment-Related Dependent Care Expenses, not when the Participant is formally

billed or charged for, or pays for the dependent care. The determination of whether an amount qualifies as an Employment-Related Dependent Care Expense shall be made subject to the following rules:

(1) If such amounts are paid for expenses incurred outside the Participant's household, they shall constitute Employment-Related Dependent Care Expenses only if incurred for a Qualifying Dependent as defined in Section 7.2(d)(1) (or deemed to be, as described in Section 7.2(d)(1) pursuant to Section 7.2(d)(3)), or for a Qualifying Dependent as defined in Section 7.2(d)(2) (or deemed to be, as described in Section 7.2(d)(2) pursuant to Section 7.2(d)(3)) who regularly spends at least 8 hours per day in the Participant's household;

(2) If the expense is incurred outside the Participant's home at a facility that provides care for a fee, payment, or grant for more than 6 individuals who do not regularly reside at the facility, the facility must comply with all applicable state and local laws and regulations, including licensing requirements, if any; and

(3) Employment-Related Dependent Care Expenses of a Participant shall not include amounts paid or incurred to a child of such Participant who is under the age of 19 or to an individual who is a Dependent of such Participant or such Participant's Spouse.

(d) **"Qualifying Dependent"** means, for Dependent Care Flexible Spending Account purposes,

(1) a Participant's Dependent (as defined in Code Section 152(a)(1)) who has not attained age 13;

(2) a Dependent or the Spouse of a Participant who is physically or mentally incapable of caring for himself or herself and has the same principal place of abode as the Participant for more than one-half of such taxable year; or

(3) a child that is deemed to be a Qualifying Dependent described in paragraph (1) or (2) above, whichever is appropriate, pursuant to Code Section 21(e)(5).

(e) The definitions of Article I are hereby incorporated by reference to the extent necessary to interpret and apply the provisions of this Dependent Care Flexible Spending Account.

7.3 DEPENDENT CARE FLEXIBLE SPENDING ACCOUNTS

The Administrator shall establish a Dependent Care Flexible Spending Account for each Participant who elects to apply Cafeteria Plan Benefit Dollars to Dependent Care Flexible Spending Account benefits.

7.4 INCREASES IN DEPENDENT CARE FLEXIBLE SPENDING ACCOUNTS

A Participant's Dependent Care Flexible Spending Account shall be increased each pay period by the portion of Cafeteria Plan Benefit Dollars that he has elected to apply toward his Dependent Care Flexible Spending Account pursuant to elections made under Article V hereof.

7.5 DECREASES IN DEPENDENT CARE FLEXIBLE SPENDING ACCOUNTS

A Participant's Dependent Care Flexible Spending Account shall be reduced by the amount of any Employment-Related Dependent Care Expense reimbursements paid or incurred on behalf of a Participant pursuant to Section 7.12 hereof.

7.6 ALLOWABLE DEPENDENT CARE REIMBURSEMENT

Subject to limitations contained in Section 7.9 of this Program, and to the extent of the amount contained in the Participant's Dependent Care Flexible Spending Account, a Participant who incurs Employment-Related Dependent Care Expenses shall be entitled to receive from the Employer full reimbursement for the entire amount of such expenses incurred during the Plan Year or portion thereof during which he is a Participant.

7.7 ANNUAL STATEMENT OF BENEFITS

On or before January 31st of each calendar year, the Employer shall furnish to each Employee who was a Participant and received benefits under Section 7.6 during the prior calendar year, a statement of all such benefits paid to or on behalf of such Participant during the prior calendar year. This statement is set forth on the Participant's Form W-2.

7.8 FORFEITURES

The amount in a Participant's Dependent Care Flexible Spending Account as of the end of any Plan Year (and after the processing of all claims for such Plan Year pursuant to Section 7.12 hereof) shall be forfeited and credited to the benefit plan surplus. In such event, the Participant shall have no further claim to such amount for any reason.

7.9 LIMITATION ON PAYMENTS

(a) **Code limits.** Notwithstanding any provision contained in this Article to the contrary, amounts paid from a Participant's Dependent Care Flexible Spending Account in or on account of any taxable year of the Participant shall not exceed the lesser of the Earned Income limitation described in Code Section 129(b) or \$5,000 (\$2,500 if a separate tax return is filed by a Participant who is married as determined under the rules of paragraphs (3) and (4) of Code Section 21(e)).

7.10 NONDISCRIMINATION REQUIREMENTS

(a) **Intent to be nondiscriminatory.** It is the intent of this Dependent Care Flexible Spending Account that contributions or benefits not discriminate in favor of the

group of employees in whose favor discrimination may not occur under Code Section 129(d).

(b) **25% test for shareholders.** It is the intent of this Dependent Care Flexible Spending Account that not more than 25 percent of the amounts paid by the Employer for dependent care assistance during the Plan Year will be provided for the class of individuals who are shareholders or owners (or their Spouses or Dependents), each of whom (on any day of the Plan Year) owns more than 5 percent of the stock or of the capital or profits interest in the Employer.

(c) **Adjustment to avoid test failure.** If the Administrator deems it necessary to avoid discrimination or possible taxation to a group of employees in whose favor discrimination may not occur in violation of Code Section 129 it may, but shall not be required to, reject any elections or reduce contributions or non-taxable benefits in order to assure compliance with this Section. Any act taken by the Administrator under this Section shall be carried out in a uniform and nondiscriminatory manner. If the Administrator decides to reject any elections or reduce contributions or Benefits, it shall be done in the following manner. First, the Benefits designated for the Dependent Care Flexible Spending Account by the affected Participant that elected to contribute the highest amount to such account for the Plan Year shall be reduced until the nondiscrimination tests set forth in this Section are satisfied, or until the amount designated for the account equals the amount designated for the account of the affected Participant who has elected the second highest contribution to the Dependent Care Flexible Spending Account for the Plan Year. This process shall continue until the nondiscrimination tests set forth in this Section are satisfied. Contributions which are not utilized to provide Benefits to any Participant by virtue of any administrative act under this paragraph shall be forfeited.

7.11 COORDINATION WITH CAFETERIA PLAN

All Participants under the Cafeteria Plan are eligible to receive Benefits under this Dependent Care Flexible Spending Account. The enrollment and termination of participation under the Cafeteria Plan shall constitute enrollment and termination of participation under this Dependent Care Flexible Spending Account. In addition, other matters concerning contributions, elections and the like shall be governed by the general provisions of the Cafeteria Plan.

7.12 DEPENDENT CARE FLEXIBLE SPENDING ACCOUNT CLAIMS

The Administrator shall direct the payment of all such Dependent Care claims to the Participant upon the presentation to the Administrator of documentation of such expenses in a form satisfactory to the Administrator. However, in the Administrator's discretion, payments may be made directly to the service provider. In its discretion in administering the Plan, the Administrator may utilize forms and require documentation of costs as may be necessary to verify the claims submitted. At a minimum, the form shall include a statement from an independent third party as proof that the expense has been incurred during the Plan Year including the Grace Period and the amount of such expense. In addition, the Administrator may require that each Participant who desires to receive reimbursement under this Program for

Employment-Related Dependent Care Expenses submit a statement which may contain some or all of the following information:

- (a) The Dependent or Dependents for whom the services were performed;
- (b) The nature of the services performed for the Participant, the cost of which he wishes reimbursement;
- (c) The relationship, if any, of the person performing the services to the Participant;
- (d) If the services are being performed by a child of the Participant, the age of the child;
- (e) A statement as to where the services were performed;
- (f) If any of the services were performed outside the home, a statement as to whether the Dependent for whom such services were performed spends at least 8 hours a day in the Participant's household;
- (g) If the services were being performed in a day care center, a statement:
 - (1) that the day care center complies with all applicable laws and regulations of the state of residence,
 - (2) that the day care center provides care for more than 6 individuals (other than individuals residing at the center), and
 - (3) of the amount of fee paid to the provider.
- (h) If the Participant is married, a statement containing the following:
 - (1) the Spouse's salary or wages if he or she is employed, or
 - (2) if the Participant's Spouse is not employed, that
 - (i) he or she is incapacitated, or
 - (i i) he or she is a full-time student attending an educational institution and the months during the year which he or she attended such institution.
- (i) **Grace Period.** Notwithstanding anything in this Section to the contrary, Employment-Related Dependent Care Expenses incurred during the Grace Period, up to the remaining account balance, shall also be deemed to have been incurred during the Plan Year to which the Grace Period relates.
- (j) **Claims for reimbursement.** If a Participant fails to submit a claim within 90 days after the end of the Plan Year, those claims shall not be considered for

reimbursement by the Administrator. However, if a Participant terminates employment during the Plan Year, claims for reimbursement must be submitted within 90 days after termination of employment.

**ARTICLE VIII
BENEFITS AND RIGHTS**

8.1 CLAIM FOR BENEFITS

(a) **Insurance claims.** Any claim for Benefits underwritten by the self-funded plan shall be made to the Employer. If the Employer denies any claim, the Participant or beneficiary shall follow the Employer's claims review procedure.

(b) **Dependent Care Flexible Spending Account or Health Flexible Spending Account claims.** Any claim for Dependent Care Flexible Spending Account or Health Flexible Spending Account Benefits shall be made to the Administrator. For the Health Flexible Spending Account, if a Participant fails to submit a claim within 90 days after the end of the Plan Year, those claims shall not be considered for reimbursement by the Administrator. However, if a Participant terminates employment during the Plan Year, claims for the reimbursement of Medical Expenses must be submitted within 90 days after termination of employment. For the Dependent Care Flexible Spending Account, if a Participant fails to submit a claim within 90 days after the end of the Plan Year, those claims shall not be considered for reimbursement by the Administrator. However, if a Participant terminates employment during the Plan Year, claims for reimbursement must be submitted within 90 days after termination of employment. If the Administrator denies a claim, the Administrator may provide notice to the Participant or beneficiary, in writing, within 90 days after the claim is filed unless special circumstances require an extension of time for processing the claim. The notice of a denial of a claim shall be written in a manner calculated to be understood by the claimant and shall set forth:

- (1) specific references to the pertinent Plan provisions on which the denial is based;
- (2) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation as to why such information is necessary; and
- (3) an explanation of the Plan's claim procedure.

(c) **Appeal.** Within 60 days after receipt of the above material, the claimant shall have a reasonable opportunity to appeal the claim denial to the Administrator for a full and fair review. The claimant or his duly authorized representative may:

- (1) request a review upon written notice to the Administrator;
- (2) review pertinent documents; and

(3) submit issues and comments in writing.

(d) **Review of appeal.** A decision on the review by the Administrator will be made not later than 60 days after receipt of a request for review, unless special circumstances require an extension of time for processing (such as the need to hold a hearing), in which event a decision should be rendered as soon as possible, but in no event later than 120 days after such receipt. The decision of the Administrator shall be written and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, with specific references to the pertinent Plan provisions on which the decision is based.

(e) **Forfeitures.** Any balance remaining in the Participant's Dependent Care Flexible Spending Account or Health Flexible Spending Account as of the end of the time for claims reimbursement for each Plan Year and Grace Period (if applicable) shall be forfeited and deposited in the benefit plan surplus of the Employer pursuant to Section 6.3 or Section 7.8, whichever is applicable, unless the Participant had made a claim for such Plan Year, in writing, which has been denied or is pending; in which event the amount of the claim shall be held in his account until the claim appeal procedures set forth above have been satisfied or the claim is paid. If any such claim is denied on appeal, the amount held beyond the end of the Plan Year shall be forfeited and credited to the benefit plan surplus.

8.2 APPLICATION OF BENEFIT PLAN SURPLUS

Any forfeited amounts credited to the benefit plan surplus by virtue of the failure of a Participant to incur a qualified expense or seek reimbursement in a timely manner may, but need not be, separately accounted for after the close of the Plan Year (or after such further time specified herein for the filing of claims) in which such forfeitures arose. In no event shall such amounts be carried over to reimburse a Participant for expenses incurred during a subsequent Plan Year for the same or any other Benefit available under the Plan; nor shall amounts forfeited by a particular Participant be made available to such Participant in any other form or manner, except as permitted by Treasury regulations. Amounts in the benefit plan surplus shall be used to defray any administrative costs and experience losses or used to provide additional benefits under the Plan.

ARTICLE IX ADMINISTRATION

9.1 PLAN ADMINISTRATION

The Employer shall be the Administrator, unless the Employer elects otherwise. The Employer may appoint any person, including, but not limited to, the Employees of the Employer, to perform the duties of the Administrator. Any person so appointed shall signify acceptance by filing written acceptance with the Employer. Upon the resignation or removal of any individual performing the duties of the Administrator, the Employer may designate a successor.

If the Employer elects, the Employer shall appoint one or more Administrators. Any person, including, but not limited to, the Employees of the Employer, shall be eligible to serve as an Administrator. Any person so appointed shall signify acceptance by filing written acceptance with the Employer. An Administrator may resign by delivering a written resignation to the Employer or be removed by the Employer by delivery of written notice of removal, to take effect at a date specified therein, or upon delivery to the Administrator if no date is specified. The Employer shall be empowered to appoint and remove the Administrator from time to time as it deems necessary for the proper administration of the Plan to ensure that the Plan is being operated for the exclusive benefit of the Employees entitled to participate in the Plan in accordance with the terms of the Plan and the Code.

The operation of the Plan shall be under the supervision of the Administrator. It shall be a principal duty of the Administrator to see that the Plan is carried out in accordance with its terms, and for the exclusive benefit of Employees entitled to participate in the Plan. The Administrator shall have full power and discretion to administer the Plan in all of its details and determine all questions arising in connection with the administration, interpretation, and application of the Plan. The Administrator may establish procedures, correct any defect, supply any information, or reconcile any inconsistency in such manner and to such extent as shall be deemed necessary or advisable to carry out the purpose of the Plan. The Administrator shall have all powers necessary or appropriate to accomplish the Administrator's duties under the Plan. The Administrator shall be charged with the duties of the general administration of the Plan as set forth under the Plan, including, but not limited to, in addition to all other powers provided by this Plan:

- (a) To make and enforce such procedures, rules and regulations as the Administrator deems necessary or proper for the efficient administration of the Plan;
- (b) To interpret the provisions of the Plan, the Administrator's interpretations thereof in good faith to be final and conclusive on all persons claiming benefits by operation of the Plan;
- (c) To decide all questions concerning the Plan and the eligibility of any person to participate in the Plan and to receive benefits provided by operation of the Plan;
- (d) To reject elections or to limit contributions or Benefits for certain highly compensated participants if it deems such to be desirable in order to avoid discrimination under the Plan in violation of applicable provisions of the Code;
- (e) To provide Employees with a reasonable notification of their benefits available by operation of the Plan and to assist any Participant regarding the Participant's rights, benefits or elections under the Plan;
- (f) To keep and maintain the Plan documents and all other records pertaining to and necessary for the administration of the Plan;
- (g) To review and settle all claims against the Plan, to approve reimbursement requests, and to authorize the payment of benefits if the Administrator determines such shall be paid if the Administrator decides in its discretion that the applicant is entitled to

them. This authority specifically permits the Administrator to settle disputed claims for benefits and any other disputed claims made against the Plan;

(h) To appoint such agents, counsel, accountants, consultants, and other persons or entities as may be required to assist in administering the Plan.

Any procedure, discretionary act, interpretation or construction taken by the Administrator shall be done in a nondiscriminatory manner based upon uniform principles consistently applied and shall be consistent with the intent that the Plan shall continue to comply with the terms of Code Section 125 and the Treasury regulations thereunder.

9.2 EXAMINATION OF RECORDS

The Administrator shall make available to each Participant, Eligible Employee and any other Employee of the Employer such records as pertain to their interest under the Plan for examination at reasonable times during normal business hours.

9.3 PAYMENT OF EXPENSES

Any reasonable administrative expenses shall be paid by the Employer unless the Employer determines that administrative costs shall be borne by the Participants under the Plan or by any Trust Fund which may be established hereunder. The Administrator may impose reasonable conditions for payments, provided that such conditions shall not discriminate in favor of highly compensated employees.

9.4 INSURANCE CONTROL CLAUSE

In the event of a conflict between the terms of this Plan and the terms of an Insurance Contract of an independent third party Insurer whose product is then being used in conjunction with this Plan, the terms of the Insurance Contract shall control as to those Participants receiving coverage under such Insurance Contract. For this purpose, the Insurance Contract shall control in defining the persons eligible for insurance, the dates of their eligibility, the conditions which must be satisfied to become insured, if any, the benefits Participants are entitled to and the circumstances under which insurance terminates.

9.5 INDEMNIFICATION OF ADMINISTRATOR

The Employer agrees to indemnify and to defend to the fullest extent permitted by law any Employee serving as the Administrator or as a member of a committee designated as Administrator (including any Employee or former Employee who previously served as Administrator or as a member of such committee) against all liabilities, damages, costs and expenses (including attorney's fees and amounts paid in settlement of any claims approved by the Employer) occasioned by any act or omission to act in connection with the Plan, if such act or omission is in good faith.

**ARTICLE X
AMENDMENT OR TERMINATION OF PLAN**

10.1 AMENDMENT

The Employer, at any time or from time to time, may amend any or all of the provisions of the Plan without the consent of any Employee or Participant. No amendment shall have the effect of modifying any benefit election of any Participant in effect at the time of such amendment, unless such amendment is made to comply with Federal, state or local laws, statutes or regulations.

10.2 TERMINATION

The Employer reserves the right to terminate this Plan, in whole or in part, at any time. In the event the Plan is terminated, no further contributions shall be made. Benefits under any Contract shall be paid in accordance with the terms of the Contract.

No further additions shall be made to the Health Flexible Spending Account or Dependent Care Flexible Spending Account, but all payments from such fund shall continue to be made according to the elections in effect until 90 days after the termination date of the Plan. Any amounts remaining in any such fund or account as of the end of such period shall be forfeited and deposited in the benefit plan surplus after the expiration of the filing period.

**ARTICLE XI
MISCELLANEOUS**

11.1 PLAN INTERPRETATION

All provisions of this Plan shall be interpreted and applied in a uniform, nondiscriminatory manner. This Plan shall be read in its entirety and not severed except as provided in Section 11.11.

11.2 GENDER AND NUMBER

Wherever any words are used herein in the masculine, feminine or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply, and whenever any words are used herein in the singular or plural form, they shall be construed as though they were also used in the other form in all cases where they would so apply.

11.3 WRITTEN DOCUMENT

This Plan, in conjunction with any separate written document which may be required by law, is intended to satisfy the written Plan requirement of Code Section 125 and any Treasury regulations thereunder relating to cafeteria plans.

11.4 EXCLUSIVE BENEFIT

This Plan shall be maintained for the exclusive benefit of the Employees who participate in the Plan.

11.5 PARTICIPANT'S RIGHTS

This Plan shall not be deemed to constitute an employment contract between the Employer and any Participant or to be a consideration or an inducement for the employment of any Participant or Employee. Nothing contained in this Plan shall be deemed to give any Participant or Employee the right to be retained in the service of the Employer or to interfere with the right of the Employer to discharge any Participant or Employee at any time regardless of the effect which such discharge shall have upon him as a Participant of this Plan.

11.6 ACTION BY THE EMPLOYER

Whenever the Employer under the terms of the Plan is permitted or required to do or perform any act or matter or thing, it shall be done and performed by a person duly authorized by its legally constituted authority.

11.7 NO GUARANTEE OF TAX CONSEQUENCES

Neither the Administrator nor the Employer makes any commitment or guarantee that any amounts paid to or for the benefit of a Participant under the Plan will be excludable from the Participant's gross income for federal or state income tax purposes, or that any other federal or state tax treatment will apply to or be available to any Participant. It shall be the obligation of each Participant to determine whether each payment under the Plan is excludable from the Participant's gross income for federal and state income tax purposes, and to notify the Employer if the Participant has reason to believe that any such payment is not so excludable. Notwithstanding the foregoing, the rights of Participants under this Plan shall be legally enforceable.

11.8 INDEMNIFICATION OF EMPLOYER BY PARTICIPANTS

If any Participant receives one or more payments or reimbursements under the Plan that are not for a permitted Benefit, such Participant shall indemnify and reimburse the Employer for any liability it may incur for failure to withhold federal or state income tax or Social Security tax from such payments or reimbursements. However, such indemnification and reimbursement shall not exceed the amount of additional federal and state income tax (plus any penalties) that the Participant would have owed if the payments or reimbursements had been made to the Participant as regular cash compensation, plus the Participant's share of any Social Security tax that would have been paid on such compensation, less any such additional income and Social Security tax actually paid by the Participant.

11.9 FUNDING

Unless otherwise required by law, contributions to the Plan need not be placed in trust or dedicated to a specific Benefit, but may instead be considered general assets of the

Employer. Furthermore, and unless otherwise required by law, nothing herein shall be construed to require the Employer or the Administrator to maintain any fund or segregate any amount for the benefit of any Participant, and no Participant or other person shall have any claim against, right to, or security or other interest in, any fund, account or asset of the Employer from which any payment under the Plan may be made.

11.10 GOVERNING LAW

This Plan is governed by the Code and the Treasury regulations issued thereunder (as they might be amended from time to time). In no event shall the Employer guarantee the favorable tax treatment sought by this Plan. To the extent not preempted by Federal law, the provisions of this Plan shall be construed, enforced and administered according to the laws of the Commonwealth of Kentucky.

11.11 SEVERABILITY

If any provision of the Plan is held invalid or unenforceable, its invalidity or unenforceability shall not affect any other provisions of the Plan, and the Plan shall be construed and enforced as if such provision had not been included herein.

11.12 CAPTIONS

The captions contained herein are inserted only as a matter of convenience and for reference, and in no way define, limit, enlarge or describe the scope or intent of the Plan, nor in any way shall affect the Plan or the construction of any provision thereof.

11.13 FAMILY AND MEDICAL LEAVE ACT (FMLA)

Notwithstanding anything in the Plan to the contrary, in the event any benefit under this Plan becomes subject to the requirements of the Family and Medical Leave Act and regulations thereunder, this Plan shall be operated in accordance with Regulation 1.125-3.

11.14 HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA)

Notwithstanding anything in this Plan to the contrary, this Plan shall be operated in accordance with HIPAA and regulations thereunder.

11.15 UNIFORM SERVICES EMPLOYMENT AND REEMPLOYMENT RIGHTS ACT (USERRA)

Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service shall be provided in accordance with the Uniform Services Employment And Reemployment Rights Act (USERRA) and the regulations thereunder.

11.16 COMPLIANCE WITH HIPAA PRIVACY STANDARDS

(a) **Application.** If any benefits under this Cafeteria Plan are subject to the Standards for Privacy of Individually Identifiable Health Information (45 CFR Part 164, the “Privacy Standards”), then this Section shall apply.

(b) **Disclosure of PHI.** The Plan shall not disclose Protected Health Information to any member of the Employer’s workforce unless each of the conditions set out in this Section are met. “Protected Health Information” shall have the same definition as set forth in the Privacy Standards but generally shall mean individually identifiable information about the past, present or future physical or mental health or condition of an individual, including information about treatment or payment for treatment.

(c) **PHI disclosed for administrative purposes.** Protected Health Information disclosed to members of the Employer’s workforce shall be used or disclosed by them only for purposes of Plan administrative functions. The Plan’s administrative functions shall include all Plan payment functions and health care operations. The terms “payment” and “health care operations” shall have the same definitions as set out in the Privacy Standards, but the term “payment” generally shall mean activities taken to determine or fulfill Plan responsibilities with respect to eligibility, coverage, provision of benefits, or reimbursement for health care. Genetic information will not be used or disclosed for underwriting purposes.

(d) **PHI disclosed to certain workforce members.** The Plan shall disclose Protected Health Information only to members of the Employer’s workforce who are authorized to receive such Protected Health Information, and only to the extent and in the minimum amount necessary for that person to perform his or her duties with respect to the Plan. “Members of the Employer’s workforce” shall refer to all employees and other persons under the control of the Employer. The Employer shall keep an updated list of those authorized to receive Protected Health Information.

(1) An authorized member of the Employer’s workforce who receives Protected Health Information shall use or disclose the Protected Health Information only to the extent necessary to perform his or her duties with respect to the Plan.

(2) In the event that any member of the Employer’s workforce uses or discloses Protected Health Information other than as permitted by this Section and the Privacy Standards, the incident shall be reported to the Plan’s privacy officer. The privacy officer shall take appropriate action, including:

(i) investigation of the incident to determine whether the breach occurred inadvertently, through negligence or deliberately; whether there is a pattern of breaches; and the degree of harm caused by the breach;

(i i) appropriate sanctions against the persons causing the breach which, depending upon the nature of the breach, may include oral or written reprimand, additional training, or termination of employment;

(i i i) mitigation of any harm caused by the breach, to the extent practicable; and

(i v) documentation of the incident and all actions taken to resolve the issue and mitigate any damages.

(e) **Certification.** The Employer must provide certification to the Plan that it agrees to:

(1) Not use or further disclose the information other than as permitted or required by the Plan documents or as required by law;

(2) Ensure that any agent or subcontractor, to whom it provides Protected Health Information received from the Plan, agrees to the same restrictions and conditions that apply to the Employer with respect to such information;

(3) Not use or disclose Protected Health Information for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Employer;

(4) Report to the Plan any use or disclosure of the Protected Health Information of which it becomes aware that is inconsistent with the uses or disclosures permitted by this Section, or required by law;

(5) Make available Protected Health Information to individual Plan members in accordance with Section 164.524 of the Privacy Standards;

(6) Make available Protected Health Information for amendment by individual Plan members and incorporate any amendments to Protected Health Information in accordance with Section 164.526 of the Privacy Standards;

(7) Make available the Protected Health Information required to provide an accounting of disclosures to individual Plan members in accordance with Section 164.528 of the Privacy Standards;

(8) Make its internal practices, books and records relating to the use and disclosure of Protected Health Information received from the Plan available to the Department of Health and Human Services for purposes of determining compliance by the Plan with the Privacy Standards;

(9) If feasible, return or destroy all Protected Health Information received from the Plan that the Employer still maintains in any form, and retain no copies of such information when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible; and

(10) Ensure the adequate separation between the Plan and members of the Employer's workforce, as required by Section 164.504(f)(2)(iii) of the Privacy Standards and set out in (d) above.

11.17 COMPLIANCE WITH HIPAA ELECTRONIC SECURITY STANDARDS

Under the Security Standards for the Protection of Electronic Protected Health Information (45 CFR Part 164.300 et. seq., the "Security Standards"):

(a) **Implementation.** The Employer agrees to implement reasonable and appropriate administrative, physical and technical safeguards to protect the confidentiality, integrity and availability of Electronic Protected Health Information that the Employer creates, maintains or transmits on behalf of the Plan. "Electronic Protected Health Information" shall have the same definition as set out in the Security Standards, but generally shall mean Protected Health Information that is transmitted by or maintained in electronic media.

(b) **Agents or subcontractors shall meet security standards.** The Employer shall ensure that any agent or subcontractor to whom it provides Electronic Protected Health Information shall agree, in writing, to implement reasonable and appropriate security measures to protect the Electronic Protected Health Information.

(c) **Employer shall ensure security standards.** The Employer shall ensure that reasonable and appropriate security measures are implemented to comply with the conditions and requirements set forth in Section 11.16.

11.18 MENTAL HEALTH PARITY AND ADDICTION EQUITY ACT

Notwithstanding anything in the Plan to the contrary, the Plan will comply with the Mental Health Parity and Addiction Equity Act and ERISA Section 712.

11.19 GENETIC INFORMATION NONDISCRIMINATION ACT (GINA)

Notwithstanding anything in the Plan to the contrary, the Plan will comply with the Genetic Information Nondiscrimination Act.

11.20 WOMEN'S HEALTH AND CANCER RIGHTS ACT

Notwithstanding anything in the Plan to the contrary, the Plan will comply with the Women's Health and Cancer Rights Act of 1998.

11.21 NEWBORNS' AND MOTHERS' HEALTH PROTECTION ACT

Notwithstanding anything in the Plan to the contrary, the Plan will comply with the Newborns' and Mothers' Health Protection Act.

PRESBYTERIAN MISSION AGENCY BOARD
FEBRUARY 5-7, 2014
PERSONNEL SUBCOMMITTEE
ITEM H.108

IN WITNESS WHEREOF, this Plan document is hereby executed this ____ day
of _____

Presbyterian Church (U.S.A.) a Corporation

By _____
EMPLOYER

WITNESSES AS TO EMPLOYER

**PRESBYTERIAN CHURCH (U.S.A.) A CORPORATION CAFETERIA PLAN
SUMMARY PLAN DESCRIPTION**

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X
SUMMARY

PRESBYTERIAN CHURCH (U.S.A.) A CORPORATION CAFETERIA PLAN

INTRODUCTION

We have amended the “Flexible Benefits Plan” that we previously established for you and other eligible employees. Under this Plan, you will be able to choose among certain benefits that we make available. The benefits that you may choose are outlined in this Summary Plan Description. We will also tell you about other important information concerning the amended Plan, such as the rules you must satisfy before you can join and the laws that protect your rights.

One of the most important features of our Plan is that the benefits being offered are generally ones that you are already paying for, but normally with money that has first been subject to income and Social Security taxes. Under our Plan, these same expenses will be paid for with a portion of your pay before Federal income or Social Security taxes are withheld.* This means that you will pay less tax and have more money to spend and save.

*Due to federal tax law, premium expenses and benefits that you elect to pay on behalf of your Qualified Domestic Partner, and/or his or her child(ren), who do not qualify as a Dependent, will be made on an after-tax basis.

Read this Summary Plan Description carefully so that you understand the provisions of our amended Plan and the benefits you will receive. This SPD describes the Plan’s benefits and obligations as contained in the legal Plan document, which governs the operation of the Plan. The Plan document is written in much more technical and precise language. If the non-technical language in this SPD and the technical, legal language of the Plan document conflict, the Plan document always governs. Also, if there is a conflict between an insurance contract and either the Plan document or this Summary Plan Description, the insurance contract will control. If you wish to receive a copy of the legal Plan document, please contact the Administrator.

This SPD describes the current provisions of the Plan which are designed to comply with applicable legal requirements. The Plan is subject to federal laws, such as the Internal Revenue Code and other federal and state laws which may affect your rights. The provisions of the Plan are subject to revision due to a change in laws or due to pronouncements by the Internal Revenue Service (IRS) or other federal agencies. We may also amend or terminate this Plan. If the provisions of the Plan that are described in this SPD change, we will notify you.

We have attempted to answer most of the questions you may have regarding your benefits in the Plan. If this SPD does not answer all of your questions, please contact the Administrator (or other plan representative). The name and address of the Administrator can be found in the Article of this SPD entitled “General Information About the Plan.”

**I
ELIGIBILITY**

1. When can I become a participant in the Plan?

Before you become a Plan member (referred to in this Summary Plan Description as a “Participant”), there are certain rules which you must satisfy. First, you must meet the eligibility

requirements and be an active employee. After that, the next step is to actually join the Plan on the “entry date” that we have established for all employees. The “entry date” is defined in Question 3 below. You will also be required to complete certain application forms before you can enroll in the Health Flexible Spending Account or Dependent Care Flexible Spending Account.

2. What are the eligibility requirements for our Plan?

You will be eligible to join the Plan as of your date of hire with us. Of course, if you were already a participant before this amendment, you will remain a participant.

3. When is my entry date?

You can join the Plan on the day you meet the eligibility requirements.

4. Are there any employees who are not eligible?

Yes, there are certain employees who are not eligible to join the Plan. They are:

- Employees who are part-time. A part-time employee is someone who works, or is expected to work, less than 20 hours a week.
- Contract Employees.

5. What must I do to enroll in the Plan?

Before you can join the Plan, you must complete an application to participate in the Plan. The application includes your personal choices for each of the benefits which are being offered under the Plan. You must also authorize us to set some of your earnings aside in order to pay for a portion of the benefits you have elected.

However, if you are already covered under any of the insured benefits, you will automatically participate in this Plan to the extent of your premiums unless you elect not to participate in this Plan.

II OPERATION

1. How does this Plan operate?

Before the start of each Plan Year, you will be able to elect to have some of your upcoming pay contributed to the Plan. These amounts will be used to pay for the benefits you have chosen. The portion of your pay that is paid to the Plan for you, your Spouse and your Dependents is not subject to Federal income or Social Security taxes. In other words, this allows you to use pre-tax-free dollars to pay for certain kinds of benefits and expenses which you normally pay for with out-of-pocket, taxable dollars. If you elect to pay premium expenses for your Qualified Domestic Partner or his or her child(ren) who do not qualify as a Dependent, then, due to federal tax law, your contributions will be made on an after-tax basis.

Also, we will make additional Employer contributions to the Plan that you may use to increase the amounts used to pay benefits. ~~However~~ Note that the value of any Employer contributions made on behalf of a Qualified Domestic Partner or his or her child(ren) who does not qualify as your Dependent (under the Internal Revenue Code), will be considered "imputed income" or taxable income for federal tax purposes. This income, less the value of any premium you have paid on behalf of your Qualified Domestic Partner will be reflected in your annual Form W-2 statement. In addition, if you receive a reimbursement for an expense under the Plan, you cannot claim a Federal income tax credit or deduction on your return. (See the Article entitled "General Information About Our Plan" for the definition of "Plan Year.")

An individual, who may include your Qualified Domestic Partner, generally can qualify as your Dependent, if he or she meets certain requirements in Internal Revenue Code Sections 152 and 105(b). In general, you must provide over one-half of the individual's support during the relevant calendar year and the two of you must live together as part of the same household for the entire year. Before a Qualified Domestic Partner or such individual's Child may qualify as your Dependent under the Plan, you must submit a completed and signed "Tax Certification Form For Qualified Domestic Partners and Their Children" to the Plan Administrator.

A Covered Partner is an individual who is either your Spouse or your Qualified Domestic Partner.

A Qualified Domestic Partner is an individual who is in a legally sanctioned same-gender union with you affording rights of inheritance under the laws of the jurisdiction where the union occurred.

A Spouse is an individual who is legally married to a Participant as determined under applicable state law and who is treated as a spouse under the Code.

III CONTRIBUTIONS

1. **How much of my pay may the Employer redirect?**

Each year, we will automatically contribute on your behalf enough of your compensation on a pre-tax basis to pay for the coverage provided unless you elect not to receive any or all of such coverage. You may also elect to have us contribute on your behalf enough of your compensation to pay for any other benefits that you elect under the Plan. These amounts will be deducted from your pay over the course of the year. There are exceptions to the pre-tax status of your contributions for a Qualified Domestic Partner and a partner's child(ren) who are not your Dependents.

2. **How are contributions handled for your Qualified Domestic Partner and your Partner's Dependent child(ren)?**

The amount of your contribution to pay premium expenses for your Qualified Domestic Partner and children of a Qualified Domestic Partner will be the same as for a Spouse and his or

her children. However, the Internal Revenue Code treats Spouses and children through marriage differently with respect to health benefits. The cost of coverage for a Spouse and stepchildren is automatically exempt from taxes, but for a person who is not a Spouse or a stepchild through an opposite-gender marriage, a payment for health benefit coverage is not exempt from tax unless the person is a dependent as defined in the Internal Revenue Code.

If your Qualified Domestic Partner and his or her children are your dependents for tax purposes under the Internal Revenue Code, you may provide a “Tax Certification Form For Qualified Domestic Partners and Their Children” to the Plan Administrator. If your Qualified Domestic Partner and his or her children are not your dependents for tax purposes, the payments under the Plan will be deducted from your Compensation on an after-tax basis. The value of the Employer contribution provided for your Qualified Domestic Partner and his or her child(ren) will be considered taxable income to you. You will not actually receive additional income in your paycheck, but we will withhold city, state and federal taxes on this additional “imputed” amount and it will be reported on your Form W-2 for the year. The value of the Employer contribution provided for your Qualified Domestic Partner and his or her child(ren) will be based on the cost of the coverage which we will determine. If your Qualified Domestic Partner and his or her child(ren) qualified as dependents for tax purposes, the cost of coverage will be deducted from your pay on a pre-tax basis and no additional income will be imputed to you.

3. ~~2.~~ **How much will the Employer contribute each year?**

We may contribute a discretionary amount which we will determine prior to the beginning of each Plan Year. This contribution can be used for any benefit in the Plan and will be made on a pro rata basis during the year. If you elect not to participate, the Employer will not contribute to the Plan on your behalf.

4. ~~3.~~ **What happens to contributions made to the Plan?**

Before each Plan Year begins, you will select the benefits you want and how much of the contributions should go toward each benefit. It is very important that you make these choices carefully based on what you expect to spend on each covered benefit or expense during the Plan Year. Later, they will be used to pay for the expenses as they arise during the Plan Year.

5. ~~4.~~ **When must I decide which accounts I want to use?**

You are required by Federal law to decide before the Plan Year begins, during the election period (defined below). You must decide two things. First, which benefits you want and, second, how much should go toward each benefit.

If you are already covered by any of the insured benefits offered by this Plan, you will automatically become a Participant to the extent of the premiums for such insurance unless you elect, during the election period (defined below), not to participate in the Plan.

6. ~~5.~~—When is the election period for our Plan?

You will make your initial election on or before your entry date. (You should review Section I on Eligibility to better understand the eligibility requirements and entry date.) Then, for each following Plan Year, the election period is established by the Administrator and applied uniformly to all Participants. It will normally be a period of time prior to the beginning of each Plan Year. The Administrator will inform you each year about the election period. (See the Article entitled “General Information About Our Plan” for the definition of Plan Year.)

7. ~~6.~~—May I change my elections during the Plan Year?

Generally, you cannot change the elections you have made after the beginning of the Plan Year. However, there are certain limited situations when you can change your elections. You are permitted to change elections if you have a “change in status” and you make an election change that is consistent with the change in status. Currently, Federal law considers the following events to be a change in status:

- Marriage, divorce, death of a ~~spouse~~Spouse, legal separation or annulment ([a mid-year change due to a marriage with respect to a Qualified Domestic Partner would only apply on an after-tax basis; where your Qualified Domestic Partner is also your Dependent and you submit the required Tax Certification Form, you will be able to begin making pre-tax contributions for such coverage following the next open enrollment period for the Plan](#));
- Change in the number of ~~dependents~~Dependents, including birth, adoption, placement for adoption, or death of a ~~dependent~~Dependent;
- Any of the following events for you, your ~~spouse or dependent~~Spouse ([changes for a Qualified Domestic Partner who is not a Dependent would be made on an after-tax basis](#)) or ~~Dependent~~: termination or commencement of employment, a strike or lockout, commencement or return from an unpaid leave of absence, a change in worksite, or any other change in employment status that affects eligibility for benefits;
- One of your ~~dependents~~Dependents satisfies or ceases to satisfy the requirements for coverage due to change in age, student status, or any similar circumstance; and
- A change in the place of residence of you, your ~~spouse or dependent~~Spouse ([changes for a Qualified Domestic Partner who is not a Dependent would be made on an after-tax basis](#)) or ~~Dependent~~ that would lead to a change in status, such as moving out of a coverage area for insurance.

In addition, if you are participating in the Dependent Care Flexible Spending Account, then there is a change in status if your ~~dependent~~Dependent no longer meets the qualifications to be eligible for dependent care.

There are detailed rules on when a change in election is deemed to be consistent with a change in status. In addition, there are laws that give you rights to change health coverage for

you, your ~~spouse~~Spouse, or your ~~dependents~~Dependents. If you change coverage due to rights you have under the law, then you can make a corresponding change in your elections under the Plan. If any of these conditions apply to you, you should contact the Administrator.

If the cost of a benefit provided under the Plan increases or decreases during a Plan Year, then we will automatically increase or decrease, as the case may be, your salary redirection election. If the cost increases significantly, you will be permitted to either make corresponding changes in your payments or revoke your election and obtain coverage under another benefit package option with similar coverage, or revoke your election entirely.

If the coverage under a Benefit is significantly curtailed or ceases during a Plan Year, then you may revoke your elections and elect to receive on a prospective basis coverage under another plan with similar coverage. In addition, if we add a new coverage option or eliminate an existing option, you may elect the newly-added option (or elect another option if an option has been eliminated) and make corresponding election changes to other options providing similar coverage. If you are not a Participant, you may elect to join the Plan. There are also certain situations when you may be able to change your elections on account of a change under the plan of your ~~spouse~~Spouse's, former ~~spouse's or dependent's employer~~Spouse's or Dependent's employer (changes may be made for such events that affect a Qualified Domestic Partner who is not your Dependent, but such changes must be made on an after-tax basis).

These rules on change due to cost or coverage do not apply to the Health Flexible Spending Account, and you may not change your election to the Health Flexible Spending Account if you make a change due to cost or coverage for insurance.

You may not change your election under the Dependent Care Flexible Spending Account if the cost change is imposed by a dependent care provider who is your relative.

8. ~~7.~~—May I make new elections in future Plan Years?

Yes, you may. For each new Plan Year, you may change the elections that you previously made. You may also choose not to participate in the Plan for the upcoming Plan Year. If you do not make new elections during the election period before a new Plan Year begins, we will assume you want your elections for insured or self-funded benefits only to remain the same and you will not be considered a Participant for the non-insured benefit options under the Plan for the upcoming Plan Year.

**IV
BENEFITS**

1. What benefits are offered under the Plan?

Under our Plan, you can choose to receive your entire compensation or use a portion to pay for the following benefits or expenses during the year.

2. Health Flexible Spending Account

The Health Flexible Spending Account enables you to pay for expenses allowed under Sections 105 and 213(d) of the Internal Revenue Code which are not covered by insurance and save taxes at the same time. The Health Flexible Spending Account allows you to be reimbursed by the Employer for out-of-pocket medical, dental and/or vision expenses incurred by you and your ~~dependents~~Dependents.

Drug costs, including insulin, may be reimbursed. Beginning January 1, 2011, you may be reimbursed for “over the counter” drugs only if those drugs are prescribed for you. If you incur “over the counter” drug costs during the Grace Period, you may not be reimbursed for those amounts, only if those drugs are prescribed for you. You may not, however, be reimbursed for the cost of other health care coverage maintained outside of the Plan, or for long-term care expenses. A list of covered expenses is available from the Administrator.

~~The~~Beginning on January 1, 2013, the most that you can contribute to your Health Flexible Spending Account each Plan Year is ~~\$7,000-2,500, subject to annual adjustment to reflect changes to the cost-of-living.~~ In order to be reimbursed for a health care expense, you must submit to the Administrator an itemized bill from the service provider. We will also provide you with a debit or credit card to use to pay for medical expenses. The Administrator will provide you with further details. Amounts reimbursed from the Plan may not be claimed as a deduction on your personal income tax return. Reimbursement from the fund shall be paid at least once a month. Expenses under this Plan are treated as being “incurred” when you are provided with the care that gives rise to the expenses, not when you are formally billed or charged, or you pay for the medical care.

You may be reimbursed for expenses for any child who qualifies as your Dependent until the end of the calendar year in which the child reaches age 26. A child is a natural child, stepchild, foster child, adopted child, or a child placed with you for adoption. If a child gains or regains eligibility due to these new rules, that qualifies as a change in status to change coverage.

Newborns’ and Mothers’ Health Protection Act: Group health plans generally may not, under Federal law, restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child to less than 48 hours following a vaginal delivery, or less than 96 hours following a cesarean section. However, Federal law generally does not prohibit the mother’s or newborn’s attending provider, after consulting with the mother, from discharging the mother or her newborn earlier than 48 hours (or 96 hours as applicable). In any case, plans and issuers may not, under Federal law, require that a provider obtain authorization from the plan or the issuer for prescribing a length of stay not in excess of 48 hours (or 96 hours).

Women’s Health and Cancer Rights Act: This plan, as required by the Women’s Health and Cancer Rights Act of 1998, will reimburse up to plan limits for benefits for mastectomy-related services including reconstruction and surgery to achieve symmetry between the breasts, prostheses, and complications resulting from a mastectomy (including lymphedema). Contact your Plan Administrator for more information.

3. Dependent Care Flexible Spending Account

The Dependent Care Flexible Spending Account enables you to pay for out-of-pocket, work-related ~~dependent~~Dependent day-care cost with pre-tax dollars. If you are married, you can use the account if you and your ~~spouse~~Spouse both work or, in some situations, if your ~~spouse~~Spouse goes to school full-time. Single employees can also use the account.

An eligible ~~dependent~~Dependent is someone for whom you can claim expenses on Federal Income Tax Form 2441 "Credit for Child and Dependent Care Expenses." Children must be under age 13. Other ~~dependents~~Dependents must be physically or mentally unable to care for themselves. Dependent Care arrangements which qualify include:

- (a) A Dependent (Day) Care Center, provided that if care is provided by the facility for more than six individuals, the facility complies with applicable state and local laws;
- (b) An Educational Institution for pre-school children. For older children, only expenses for non-school care are eligible; and
- (c) An "Individual" who provides care inside or outside your home: The "Individual" may not be a child of yours under age 19 or anyone you claim as a dependent for Federal tax purposes.

You should make sure that the dependent care expenses you are currently paying for qualify under our Plan.

The law places limits on the amount of money that can be paid to you in a calendar year from your Dependent Care Flexible Spending Account. Generally, your reimbursements may not exceed the lesser of: (a) \$5,000 (if you are married filing a joint return or you are head of a household) or \$2,500 (if you are married filing separate returns); (b) your taxable compensation; (c) your spouse's actual or deemed earned income (a spouse who is a full time student or incapable of caring for himself/herself has a monthly earned income of \$250 for one dependent or \$500 for two or more dependents).

Also, in order to have the reimbursements made to you from this account be excludable from your income, you must provide a statement from the service provider including the name, address, and in most cases, the taxpayer identification number of the service provider on your tax form for the year, as well as the amount of such expense as proof that the expense has been incurred. In addition, Federal tax laws permit a tax credit for certain ~~dependent~~Dependent care expenses you may be paying for even if you are not a Participant in this Plan. You may save more money if you take advantage of this tax credit rather than using the Dependent Care Flexible Spending Account under our Plan. Ask your tax adviser which is better for you.

4. Premium Expense Account

A Premium Expense Account allows you to use tax-free dollars to pay for certain premium expenses under various insurance programs that we offer ~~you to cover you, your~~Covered Partner and your Dependents. These premium expenses include:

- Health care premiums under our self-funded medical plan.
- Dental insurance premiums.
- Vision insurance premiums.
- Accidental death and dismemberment insurance premiums.
- Other insurance coverage that we may provide.

Under our Plan, we will establish sub-accounts for you for each different type of coverage that is available. Also, certain limits on the amount of coverage may apply.

The Administrator may terminate or modify Plan benefits at any time, subject to the provisions of any contracts providing benefits described above. Also, your coverage will end when you leave employment, are no longer eligible under the terms of any coverage, or when coverage terminates.

Any benefits to be provided by insurance will be provided only after (1) you have provided the Administrator the necessary information to apply for insurance, and (2) the insurance is in effect for you.

If you cover your children up to age 26 under your insurance, you can pay for that coverage through the Plan.

V BENEFIT PAYMENTS

1. When will I receive payments from my accounts?

During the course of the Plan Year, you may submit requests for reimbursement of expenses you have incurred. Expenses are considered “incurred” when the service is performed, not necessarily when it is paid for. The Administrator will provide you with acceptable forms for submitting these requests for reimbursement. If the request qualifies as a benefit or expense that the Plan has agreed to pay, you will receive a reimbursement payment soon thereafter. Remember, these reimbursements which are made from the Plan are generally not subject to federal income tax or withholding. Nor are they subject to Social Security taxes. The provisions of the insurance contracts will control what benefits will be paid and when. You will only be reimbursed from the Dependent Care Flexible Spending Account to the extent that there are sufficient funds in the Account to cover your request.

2. What happens if I don't spend all Plan contributions during the Plan Year?

If you have not spent all the amounts in your Health Flexible Spending Account or Dependent Care Flexible Spending Account by the end of the Plan Year, you may continue to incur claims for expenses during the “Grace Period.” The “Grace Period” extends 2 1/2 months after the end of the Plan Year, during which time you can continue to incur claims and use up all

amounts remaining in your Health Flexible Spending Account or Dependent Care Flexible Spending Account.

Any monies left at the end of the Plan Year and the Grace Period will be forfeited. Obviously, qualifying expenses that you incur late in the Plan Year or during the Grace Period for which you seek reimbursement after the end of such Plan Year and Grace Period will be paid first before any amount is forfeited. For the Health Flexible Spending Account, you must submit claims no later than 90 days after the end of the Plan Year. For the Dependent Care Flexible Spending Account, you must submit claims no later than 90 days after the end of the Plan Year. Because it is possible that you might forfeit amounts in the Plan if you do not fully use the contributions that have been made, it is important that you decide how much to place in each account carefully and conservatively. Remember, you must decide which benefits you want to contribute to and how much to place in each account before the Plan Year begins. You want to be as certain as you can that the amount you decide to place in each account will be used up entirely.

3. Family and Medical Leave Act (FMLA)

If you take leave under the Family and Medical Leave Act, you may revoke or change your existing elections for health insurance and the Health Flexible Spending Account. If your coverage in these benefits terminates, due to your revocation of the benefit while on leave or due to your non-payment of contributions, you will be permitted to reinstate coverage for the remaining part of the Plan Year upon your return. For the Health Flexible Spending Account, you may continue your coverage or you may revoke your coverage and resume it when you return. You can resume your coverage at its original level and make payments for the time that you are on leave. For example, if you elect \$1,200 for the year and are out on leave for 3 months, then return and elect to resume your coverage at that level, your remaining payments will be increased to cover the difference - from \$100 per month to \$150 per month. Alternatively your maximum amount will be reduced proportionately for the time that you were gone. For example, if you elect \$1,200 for the year and are out on leave for 3 months, your amount will be reduced to \$900. The expenses you incur during the time you are not in the Health Flexible Spending Account are not reimbursable.

If you continue your coverage during your unpaid leave, you may pre-pay for the coverage, you may pay for your coverage on an after-tax basis while you are on leave, or you and your Employer may arrange a schedule for you to “catch up” your payments when you return.

4. Uniformed Services Employment and Reemployment Rights Act (USERRA)

If you are going into or returning from military service, you may have special rights to health care coverage under your Health Flexible Spending Account under the Uniformed Services Employment and Reemployment Rights Act of 1994. These rights can include extended health care coverage. If you may be affected by this law, ask your Administrator for further details.

5. What happens if I terminate employment?

If you terminate employment during the Plan Year, your right to benefits will be determined in the following manner:

- (a) You will remain covered by insurance, but only for the period for which premiums have been paid prior to your termination of employment.
- (b) You will still be able to request reimbursement for qualifying dependent care expenses from the balance remaining in your dependent care account at the time of termination of employment. However, no further salary redirection and Employer contributions will be made on your behalf after you terminate. You must submit claims within 90 days after termination.
- (c) Your participation in the Health Flexible Spending Account will cease, and no further salary redirection and Employer contributions will be contributed on your behalf. However, you will be able to submit claims for health care expenses that were incurred before the end of the period for which payments to the Health Flexible Spending Account have already been made. You must submit claims within 90 days after termination.

6. Will my Social Security benefits be affected?

Your Social Security benefits may be slightly reduced because when you receive tax-free benefits under our Plan, it reduces the amount of contributions that you make to the Federal Social Security system as well as our contribution to Social Security on your behalf.

7. Qualified Reservist Distributions

If you are a member of a reserve unit and if you are ordered or called to active duty, then you may request a Qualified Reservist Distribution (QRD). A Qualified Reservist Distribution is a distribution of all or a portion of the amounts remaining in your Health Flexible Spending Account. You can only request this distribution if you are called to active duty for a period of 180 days or more or for an indefinite period. The distribution must be made during the period beginning on the date of the call and ending on the last date that reimbursements could otherwise be made under the Plan for the Plan Year which includes the date of the call.

You can receive the amount you have actually contributed minus any reimbursements you have already received (or are in process). The amount you request may be adjusted if needed to conform with your actual account balance. You must request the QRD before the last day of the Grace Period. Any claims that you submit after the date you request the QRD will not be processed. You can only request One (1) QRDs for a Plan Year.

**VI
HIGHLY COMPENSATED AND KEY EMPLOYEES**

1. Do limitations apply to highly compensated employees?

Under the Internal Revenue Code, highly compensated employees and key employees generally are Participants who are officers, shareholders or highly paid. You will be notified by the Administrator each Plan Year whether you are a highly compensated employee or a key employee.

If you are within these categories, the amount of contributions and benefits for you may be limited so that the Plan as a whole does not unfairly favor those who are highly paid, their spouses or their dependents. Federal tax laws state that a plan will be considered to unfairly favor the key employees if they as a group receive more than 25% of all of the nontaxable benefits provided for under our Plan.

Plan experience will dictate whether contribution limitations on highly compensated employees or key employees will apply. You will be notified of these limitations if you are affected.

**VII
PLAN ACCOUNTING**

1. Periodic Statements

The Administrator will provide you with a statement of your account periodically during the Plan Year that shows your account balance. It is important to read these statements carefully so you understand the balance remaining to pay for a benefit. Remember, you want to spend all the money you have designated for a particular benefit by the end of the Plan Year.

**VIII
GENERAL INFORMATION ABOUT OUR PLAN**

This Section contains certain general information which you may need to know about the Plan.

1. General Plan Information

Presbyterian Church (U.S.A.) a Corporation Cafeteria Plan is the name of the Plan.

Your Employer has assigned Plan Number 501 to your Plan.

The provisions of your amended Plan become effective on January 1, ~~2011~~2013. Your Plan was ~~originally~~last amended and restated effective on January 1, ~~2008~~2011.

Your Plan's records are maintained on a twelve-month period of time. This is known as the Plan Year. The Plan Year begins on January 1 and ends on December 31.

2. Employer Information

Your Employer's name, address, and identification number are:

Presbyterian Church (U.S.A.) a Corporation
100 Witherspoon Street
Louisville, Kentucky 45202
13-3462549

The Plan allows other employers to adopt its provisions. You or your beneficiaries may examine or obtain a complete list of employers, if any, who have adopted your Plan by making a written request to the Administrator.

Another Employer who has adopted the provisions of the Plan is:

Presbyterian Church (U.S.A.) Investment & Loan, Inc.
100 Witherspoon Street
Louisville, KY 45202
61-1290713

3. Plan Administrator Information

The name, address and business telephone number of your Plan's Administrator are:

Presbyterian Church (U.S.A.) a Corporation
100 Witherspoon Street
Louisville, Kentucky 45202
(502) 569-5301

The Administrator keeps the records for the Plan and is responsible for the administration of the Plan. The Administrator will also answer any questions you may have about our Plan. You may contact the Administrator for any further information about the Plan.

4. Service of Legal Process

The name and address of the Plan's agent for service of legal process are:

Presbyterian Church (U.S.A.) a Corporation
100 Witherspoon Street
Louisville, Kentucky 45202

5. Type of Administration

The type of Administration is Employer Administration.

6. Claims Submission

Claims for expenses should be submitted to:

McGregor & Associates, Inc.
997 Governors Lane, Suite 175
Lexington, KY 40513

IX
ADDITIONAL PLAN INFORMATION

1. **Claims Process**

You should submit all reimbursement claims during the Plan Year. For the Health Flexible Spending Account, you must submit claims no later than 90 days after the end of the Plan Year. However, if you terminate employment during the Plan Year, you must submit your Health Flexible Spending Account claims within 90 days after your termination of employment. For the Dependent Care Flexible Spending Account, you must submit claims no later than 90 days after the end of the Plan Year. However, if you terminate employment during the Plan Year, you must submit your Dependent Care Flexible Spending Account claims within 90 days after your termination of employment. Any claims submitted after that time will not be considered.

Claims that are insured or self-funded will be handled in accordance with procedures contained in the insurance policies or contracts. All other general requests should be directed to the Administrator of our Plan. If a dependent care or medical expense claim under the Plan is denied in whole or in part, you or your beneficiary will receive written notification. The notification will include the reasons for the denial, with reference to the specific provisions of the Plan on which the denial was based, a description of any additional information needed to process the claim and an explanation of the claims review procedure. Within 60 days after denial, you or your beneficiary may submit a written request for reconsideration of the denial to the Administrator.

Any such request should be accompanied by documents or records in support of your appeal. You or your beneficiary may review pertinent documents and submit issues and comments in writing. The Administrator will review the claim and provide, within 60 days, a written response to the appeal. (This period may be extended an additional 60 days under certain circumstances.) In this response, the Administrator will explain the reason for the decision, with specific reference to the provisions of the Plan on which the decision is based. The Administrator has the exclusive right to interpret the appropriate plan provisions. Decisions of the Administrator are conclusive and binding.

X
SUMMARY

The money you earn is important to you and your family. You need it to pay your bills, enjoy recreational activities and save for the future. Our flexible benefits plan will help you keep more of the money you earn by lowering the amount of taxes you pay. The Plan is the result of our continuing efforts to find ways to help you get the most for your earnings.

If you have any questions, please contact the Administrator.

Exhibit B

**TOWARD INCLUSIVENESS IN EMPLOYMENT: A CHURCHWIDE PLAN-POLICY FOR
EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION
PRESBYTERIAN CHURCH (U.S.A.)**

SECTION ONE: TOWARD INCLUSIVENESS IN EMPLOYMENT

It is the policy of the Presbyterian Church (U.S.A.) to provide equal employment opportunity/affirmative action for all qualified persons; to prohibit discrimination in employment based upon race/ethnicity, color, national origin, gender, age (40 and over), marital status, sexual orientation, creed, protected disability status, citizenship status, genetic information, uniformed service or veteran status or religious affiliation (except where religious affiliation is a bona fide occupational qualification), or any other characteristic protected by law ("Identified Categories") racial-ethnic group, sex, age, or disability; and to correct any existent patterns of discrimination. The realization of inclusiveness in employment is promoted through positive, results-oriented, equal employment opportunity practices.

~~The General Assembly Council has developed this Churchwide Plan for Equal Employment Opportunity on the basis of its constitutional responsibility "to institute and coordinate a churchwide plan for equal employment opportunity for members of racial-ethnic groups, for women, for various age groups, and for persons with disabilities;" (G-13-0201b.) Its administrative provisions and procedures are~~The Churchwide Plan for Equal Employment Opportunity and Affirmative Action is mandatory for the General Assembly and its agencies. Other councils governing bodies are urged to adopt similar provisions and procedures as a means for fulfilling their mandatory constitutional theological and legal responsibilities in this important and sensitive area of the church's life.

As ~~a~~ responsible Christian employers, the entities of the associated agencies of the Presbyterian Church (U.S.A.), A Corporation will voluntarily comply with civil laws and regulations related to equal employment opportunity except where this legislation is in clear opposition to denominational policy. ~~The General Assembly Council has articulated this commitment in the Uniform Personnel Policies.~~

Comment [CR1]: Why removed?

Comment [BC2]: Because PC(USA) A Corp is only the corporate body for OGA and PMA. The other agencies have their own corporations. We did not want to limit application to OGA and PMA.

In addition to this Churchwide Plan, the Presbyterian Mission Agency General Assembly Council will make available a web site manual for churchwide guidance in the implementation of ~~this the~~ EEO Plan. This web site manual will include as a minimum: biblical and theological studies on the theme of equal employment opportunity and affirmative action; forms for use in reporting on pastor search processes, hiring, and work analysis; guidelines for use by committees on ministry, committees on representation, and personnel committees established by sessions, presbyteries, or synods; EEO guidelines for persons with disabilities; EEO guidelines for persons of all ages; a listing of other resources; and a bibliography.

I. A THEOLOGICAL STATEMENT: GOD'S CALL TO INCLUSIVENESS

The church's involvement in equal employment opportunity and affirmative action is central to the gospel's incarnation in the community of faith. While governmental units may approach their responsibilities in this area from legalistic interpretations of what the Constitution of the United States of America requires, the Presbyterian Church (U.S.A.) approaches the subject in gratitude for Jesus' compelling vision of the inclusiveness of God's love. That love allows us to cross existent sociological and psychological barriers so as to order our life together in the church in a way that contains no barriers of our own making. As a denomination we seek to live out God's call for unity by recognizing that: "The unity of believers in Christ is reflected in the rich diversity of the Church's membership.... There is

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therefore no place in the life of the Church for discrimination against any person."being "open to all persons and to the varieties of talents and gifts of God's people....." (G-4.0402, F-1.0403)

The foundation for this commitment is our acceptance of the Word of God as central to our life of faith and action, and our willingness to be guided by the Holy Spirit speaking through Scripture as we seek to be inclusive in our ~~employment~~ employment practices. Hiring procedures within the church must be established within the context of our faithfulness to God's will for all of humanity.

We begin with the biblical declaration that God created all that is and declared it to be good. Despite our rebellion and our unwillingness to live in conformity with God's original creation, God has not broken relationships with humanity. Men and women of faith have repeatedly received and accepted the call to live lives characterized by justice and righteousness. In Jesus we see the incarnation of God's great plan of reconciliation—a plan that restores broken relationships with God and with God's people. The gospel story is permeated with illustrations of Jesus' reaching out to those who are excluded by the broader community. There is a constant restatement of the Old Testament theme of God's favor, particularly for the poor, the oppressed, and the strangers in the land. To reflect the radical nature of God's inclusiveness, it is imperative that we live as one with those who are excluded. Jesus' love for all is God's love. In Jesus' resurrection the rule of God over all people is announced and inaugurated.

It is our belief that our life together as Presbyterians, manifested through our employment policies and practices, bears witness to our commitment to do God's will. Accomplishing such a mission in today's world requires, as a first step, the elimination of discriminatory practices in the church. The time is upon us when we can and shall demonstrate that Christ's promises of reconciliation, justice, and love are true.

II. GOVERNING BODYCOUNCIL RESPONSIBILITIES

The Constitution of the Presbyterian Church (U.S.A.) gives repeated instructions to the governing bodiescouncils of the church regarding the nature of its intended inclusiveness and the implementation and maintenance of an equal employment opportunity plan. For example:

"The unity of believers in Christ is reflected in the rich diversity of the Church's membership. In Christ, by the power of the Spirit, God unites persons through baptism regardless of race, ethnicity, age, sex, disability, geography, or theological conviction. There is therefore no place in the life of the Church for discrimination against any person. The Presbyterian Church (U.S.A.) shall guarantee full participation and representation in its worship, governance, and emerging life to all persons or groups within its membership. No member shall be denied participation or representation for any reason other than those stated in this Constitution." (F-1.0403)

"The Presbyterian Church (U.S.A.) shall give full expression to the rich diversity within its membership and shall provide means which will assure a greater inclusiveness leading to wholeness in its emerging life. Persons of all racial ethnic groups, different ages, both sexes, various disabilities, diverse geographical areas, and different theological positions consistent with the Reformed tradition shall be guaranteed full participation and access to representation in the decision-making of the church (G-9.0104ff.)" (G-4.0403.)

The councils of the church shall give full expression to the rich diversity of the church's membership and shall provide for full participation and access to representation in decision-making and employment practices (F-1.0403). In fulfilling this commitment, councils shall give due consideration to both the gifts

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and requirements for ministry (G- 2.0104) and the right of people in congregations and councils to elect their officers (F- 3.0106).

Each council shall develop procedures and mechanisms for promoting and reviewing that body's implementation of the church's commitment to inclusiveness and representation. (G-3.0103)
Section G-9.0104 reads: "Governing bodies of the church shall be responsible for implementing the church's commitment to inclusiveness and participation as stated in G-4.0403. All governing bodies shall work to become more open and inclusive and to correct patterns of discrimination on the basis of race, sex, age, or disability."

"In implementing this commitment, consideration should be given to the gifts and requirements for ministry (G-6.0106) in persons elected or appointed to particular offices or tasks, and to the right of the people to elect their officers (G-6.0107)." In addition to these instructions to all governing bodies, the Constitution assigns specific responsibilities to certain groups. For example:

A. Committees on Representation

The Book of Order (G-3.0103) states: "Councils above the session shall establish by their own rule committees on representation to fulfill the following functions: to advise the council regarding the implementation of principles of unity and diversity, to advocate for diversity in leadership, and to consult with the council on the employment of personnel, in accordance with the principles of unity and diversity in F-1.0403. A committee on representation should not be merged with another committee or made a subcommittee of another committee."

The Book of Order (G-9.0105) requires the establishment of committees on representation by each governing body above the session and states that: "The committee on representation shall advise the governing body on the employment of personnel, in accordance with the principles of participation and representation (G-4.0403), and in conformity with a churchwide plan for equal employment opportunity (G-13.0201b)."

B. The General Assembly and Its Agencies

It is the responsibility of the General Assembly to endorse and review periodically, upon recommendation of the Presbyterian Mission Agency General Assembly Council, this policy: "Toward Inclusiveness in Employment: A Churchwide Plan for Equal Employment Opportunity and Affirmative Action." It shall be the responsibility of the Office of the Stated Clerk to publish/distribute the document to all employing units/agencies of the General Assembly, mid councils/middle governing bodies, and General Assembly related schools and theological institutions. Each agency of theThe General Assembly is responsible~~Council has the responsibility~~ for the overall administration and coordination of the Churchwide Plan within its respective agency. Representatives of the six agencies will meet biennially to discuss the need for changes to the Plan. The Presbyterian Mission Agency will also consult biennially with the General Assembly Committee on Representation regarding the need for changes to the Plan. If changes are to be recommended, the Presbyterian Mission Agency – after consultation with the Advocacy Committee for Women's Concerns, the Advocacy Committee for Racial Ethnic Concerns, and the General Assembly Committee on Representation – will present the proposed changes to the General Assembly for review and approval.

Comment [CR3]: Requiring the GA to endorse seems to remove the ability to engage in a discussion with PMA on the content of this policy. This is a violation of the authority of the GA.

Comment [BC4]: The Presbyterian Mission Agency is not recommending any change in the original wording in this part of the sentence. "Endorse" has been the original language since 1985.

Comment [CR5]: Recommend changing "the" to "a"

Comment [BC6]: For consistency, it seems best to retain parallelism with "It is the responsibility of GA... It shall be the responsibility of the Stated Clerk..." Nothing in this language seeks to imply that this is the only responsibility of the Stated Clerk.

Comment [CR7]: Suggest revision to: Representatives of the six agencies will meet biennially WITH THE GENERAL ASSEMBLY COMMITTEE ON REPRESENTATION to determine if changes need to be made to this plan.

Comment [BC8]: The GACOR comment focused on an earlier draft of the document, and resulted in changes in the proposal, but not the change sought by GACOR. The General Assembly has given the Presbyterian Mission Agency the responsibility for "Approval and monitoring of the "Churchwide Plan for Equal Employment Opportunity and Affirmative Action." (Organization for Mission). GACOR has the responsibility to participate in any review and revisions of the Plan. We believe that the amended draft properly recognizes the General Assembly assigned roles of each entity.

Comment [CR9]: Who makes sure this is done, etc., every two years? COR? How do we consult?

Comment [BC10]: The Presbyterian Mission Agency will be responsible for the consultation. If it does not occur, GACOR, ACREC, and ACWC have access to GA through which to raise their concerns. As to "how" we consult...the Presbyterian Mission Agency imagines that it would be a very similar process to what has unfolded this year. PMA sought consultation regarding changes early in 2012. There was a meeting in February, where the topic did not arise, email conversations in April, a face-to-face meeting in late July, further conversation among GACOR in Sept/Oct, and the beginning of written comments to PMA in December.

Comment [CR11]: Changes are adopted or approved by GA – or PMA?

Comment [BC12]: The wording of the Organization for Mission is that the Presbyterian Mission Agency has responsibility for "approval and monitoring of" the Plan. However, the Mission Agency fully understands that it does not approve/adopt policy, this is the role of the General Assembly. Any changes to the Plan would require General Assembly approval.

Section G-11.0504 states that "the presbytery's committee on ministry may look to synod and General Assembly for information and assistance in the matter of ministers and pastoral relations." In support of this provision "the General Assembly shall create the necessary agency to facilitate and support the work of the presbyteries and the synods in this matter."

C. Mid Councils Synods and Presbyteries

G-3.0110 states: "Councils higher than the session may employ such staff as is required by the mission of the body in accordance with the principles of unity in diversity (F-1.0403). Councils may, in consultation with the next higher council, share staff as required by the mission of the body. A council shall make provision in its manual of administrative operations (G-3.0106) for the process of electing executive staff and the hiring of other staff, the description of the responsibilities of the positions, the method of performance review, and the manner of termination of employment. (G-3.0104)"
Section G-9.0704 states that "administrative positions in all governing bodies above the sessions shall be filled in accordance with the principles of participation and representation found in G-9.0104."

D. Ministry Committees

The Book of Order places responsibility for the implementation of equal employment opportunity practice in the call of ministers and the employment of candidates with the presbyteries. "The councils of the church shall give full expression to the rich diversity of the church's membership and shall provide for full participation and access to representation in decision-making and employment practices (F-1.0403)." (G-3.0103). "To facilitate the presbytery's oversight of inquirers and candidates, reception and oversight of teaching elder members, approval of calls for pastoral services and invitations for temporary pastoral services, oversight of congregations without pastors, dissolution of relationships, dismissal of members, and its close relationship with both member congregations and teaching elders, it may delegate its authority to designated entities within the presbytery. Such entities shall be composed of ruling elders and teaching elders in approximately equal numbers, bearing in mind the principles of unity in diversity in F-1.0403. All actions carried out as a result of delegated authority must be reported to the presbytery at its next regular meeting." (G-3.0307). "According to the process of the presbytery and prior to making its report to the congregation, the pastor nominating committee shall receive and consider the presbytery's counsel on the merits, suitability, and availability of those considered for the call." (G-2.0803).

Section G-11.0504 states that the committee on ministry of the presbyteries "may look to synod and the General Assembly for information and assistance in the matter of ministers and pastoral relations." In support of this provision "synods shall create the necessary agency to coordinate the work of presbytery committees."

~~D. Committees on Ministry~~

The Book of Order (G-11.05021) places responsibility for the implementation of equal employment opportunity practice in the call of ministers and the employment of candidates with the committee on ministry as follows: "It shall provide for the implementation of equal employment opportunity for ministers and candidates without regard to race, ethnic origin, sex, age or marital status. In the case of

each call, it shall report to the presbytery the steps in this implementation taken by the calling group." (G-11.0502f.)

III. IMPLEMENTATION OF A PROGRAM POLICY FOR EQUAL EMPLOYMENT OPPORTUNITY

Each ~~council governing body~~ and church-related institution or service organization is encouraged to develop its own ~~policy implementation plan~~ for administering its commitment to equal employment opportunity and affirmative action. ~~The policies of the six agencies are offered as a model for parallel structures in councils, church-related institutions, and service organizations. This Implementation Plan for the General Assembly is offered as a model for parallel structures in other governing bodies, church-related institutions, and service organizations. All such plans optimally include, but are not limited to the following elements~~ Councils which implement such plans should consider, including the following elements:

- (a) Equal employment opportunity goals and objectives, which are continuously updated and reviewed.
- (b) Personnel policies, practices, and procedures, which as a minimum will include:
 - 1) Involvement of persons from the ~~Identified Categories~~ ~~identified groups~~ in search and recruitment procedures;
 - 2) Search and recruitment procedures to locate and consider for employment persons regardless of ~~their inclusion in the Identified Categories~~ ~~race, sex, age, or disability~~;
 - 3) Selection, promotion, and upgrading procedures ~~and career development activities~~ to preclude and to correct patterns of discrimination on the basis of ~~inclusions in the Identified Categories~~ ~~race, sex, age, or disability~~;
 - 4) ~~Career development activities without regard to race, sex, age, or disability~~;
 - 5) 4) Development of realistic position descriptions based upon job-related qualifications and standards to insure that the description does not contain qualifications or selection criteria based on ~~inclusions in an Identified Category~~ ~~race, sex, age, or disability~~ that disproportionately screen out individuals;
 - 6) 5) Public advertisement of openings in selected media and contact of specific agencies, organizations, and associations;
 - 7) 6) Annual workforce review and analysis to determine:
 - a) if patterns of discrimination exist and (b) if the hiring practices are bringing the church to a greater level of inclusiveness; and
 - b) Identification of the point of accountability and responsibility for the implementation and continuous review of the equal employment opportunity program.
- (c) Commitment as a purchaser to contract or purchase goods and services ~~whenever possible~~ from businesses that have committed themselves to the goal of equal employment opportunity ~~and which are willing to cooperate with Project Equality, Incorporated. Such cooperation includes utilizing the Project Equality process so that whenever a reasonable choice exists validated meeting facilities are used and suppliers listed in the Buyers Guide and Supplements are selected.~~
- (d) Commitment as an investor, to invest ~~whenever possible~~ in businesses that are committed to equal employment opportunity.

Comment [CR13]: Replace "should consider" with "shall include"

Comment [BC14]: The GACOR comment seeks to create mandatory compliance, by councils, to the elements that follow. The Mission Agency was not seeking to make new policy with its revisions, but rather to update the existing policy in light of the current organization of General Assembly agencies. This section was originally written as advice, not as a mandate: see the first sentence – "each council... is encouraged to develop..." and last deleted sentence, which read "All such plans optimally include..." Neither of which created a mandate, but rather offered guidance. It is the recommendation of the Mission Agency that the revised policy continue in this similar thrust toward best practice, but not mandatory language.

Comment [CR15]: Recommend deleting "whenever possible"

Comment [BC16]: This section begins with the provision that what follows is something that is "encouraged" not mandated. The Mission Agency believes that the original language should be retained.

Comment [CR17]: Recommend deleting "whenever possible"

Comment [BC18]: This section begins with the provision that what follows is something that is "encouraged", not mandated. The Mission Agency believes that the original language should be retained.

In addition to the elements listed above, the following are listed for guidance:

A. Mid Councils, Synods and Presbyteries

In implementing their responsibilities in relationship to the filling of administrative staff positions (~~G-9.0104~~~~G-3.0103~~), ~~synods and presbyteries~~~~mid councils~~ are urged to develop and establish equal employment opportunity policies and implementation plans based upon the following:

1. Recruiting, hiring, calling, training, and promoting persons within all job classifications without regard to ~~inclusion in an Identified Category~~~~racial-ethnic group, sex, age, or disability~~;
2. Ensuring that all other personnel policies and practices such as compensation, benefits, transfers, leaves of absence, performance evaluations, reduction in force and return to service, educational opportunities, tuition assistance, and termination are administered in accord with equal employment opportunity policies;
3. Annually collecting and reviewing employment data and conducting analyses, reporting their findings to the next higher ~~governing body~~~~council~~, and taking such corrective actions as are necessary under their own equal employment opportunity commitments.

The ~~governing body~~~~mid council~~'s manual of administrative operations should include its equal employment opportunity implementation plan and the procedures by which employment data will be gathered for review by the next higher ~~council~~~~governing body~~.

In consulting with presbyteries regarding the election of an ~~executive presbyter~~ ~~presbytery leader~~ (~~G-9.0701~~~~G-3.0110~~) and in developing guidelines for personnel reviews, synods are encouraged to review routinely the inclusiveness of election processes and the incumbents' fulfillment of their overall responsibilities to initiate and carry out the provisions of the churchwide plan for equal employment opportunity. ~~Synods shall be similarly reviewed by the General Assembly~~. Neglect by ~~executive presbyters~~~~mid council leaders~~ in carrying out such responsibilities should be grounds for dismissal.

B. Congregations

The witness of congregations is the basis for all other expressions of the church's life. Each congregation is urged to implement its procedures of calling, recruiting, hiring, and promoting for all job classifications without regard to ~~a candidate's being a member of one or more Identified Categories~~~~racial-ethnic group, sex, age, or disability~~. Each congregation is urged in all phases of employment, for all job classifications, to follow the equal employment opportunity program of its presbytery. These commitments to equality should include but not be limited to compensation, benefits, leaves of absence, performance evaluations, reduction in force and return to service, continuing education opportunities, and termination.

C. Church-Related Institutions

Church-related institutions including schools, theological institutions, and service organizations are ~~encouraged~~~~urged~~ to develop and establish equal employment opportunity ~~and affirmative action~~ policies and implementation plans based upon the following:

1. Recruiting, hiring, calling, training, and promoting persons within all job classifications without regard to ~~inclusion in an Identified Category~~~~racial-ethnic group, sex, age, or disability~~.
2. Ensuring that all other personnel policies and practices such as compensation, benefits, transfers, leaves of absence, performance evaluations, reduction in force and return to service, educational opportunities, tuition assistance, termination, and any others are administered in accordance with equal employment opportunity policies.

- 3. Annually collecting and reviewing employment data and conducting analyses of all personnel policies and practices, ~~reporting to the appropriate General Assembly agency,~~ and making such corrective actions as are necessary under their equal employment opportunity commitments.

IV. CONCLUSION

Motivated by the gospel and not by law, we seek to improve our record of hiring not only on the General Assembly level, but also in congregations, ~~presbyteries, and synods and mid councils.~~ In Luke 13 Jesus says men and women will come from east and west, and from north and south, and sit at table in the realm of God. The ~~time has come for the~~ Presbyterian Church (U.S.A.) ~~is called~~ to model this joyful feast and to reflect inclusiveness in all areas of its life. No longer shall we be a pale reflection of secular society, but a beacon of light showing by our unity and our diversity that all are one in Christ.

SECTION TWO: TOWARD INCLUSIVENESS IN EMPLOYMENT: A CHURCHWIDE IMPLEMENTATION PLAN FOR EQUAL EMPLOYMENT OPPORTUNITY AND AFFIRMATIVE ACTION PRESBYTERIAN CHURCH (U.S.A.) THE GENERAL ASSEMBLY LEVEL

In implementing the policies established by "Toward Inclusiveness in Employment: A Churchwide ~~Plan~~ Policy for Equal Employment Opportunity" the following procedures and responsibilities are assigned to the indicated units of the General Assembly.

I. RESPONSIBILITIES OF THE GENERAL ASSEMBLY'S COMMITTEE ON REPRESENTATION

~~The responsibilities of the General Assembly Committee on Representation are outlined in the Organization for Mission (IV.C.5.b) and the Book of Order, and include participation in any review of the Churchwide Policy for Equal Employment Opportunity and Affirmative Action. The General Assembly's Committee on Representation, in consultation with the General Assembly Council, shall develop and establish guidelines for use by Committees on Representation in providing advice to the governing bodies in the area of employment. (G-9.0105.)~~

Comment [CR19]: Suggest adding, after this sentence: "The Office of the General Assembly provides advice to mid councils on how to implement their representation functions. (This may also include advice from GACOR.)"

II. RESPONSIBILITIES OF THE GENERAL ASSEMBLY COUNCIL AGENCIES

In addition to ~~its~~ their responsibilities as ~~an employing unit employers,~~ the General Assembly ~~Council Agencies has have~~ a leadership role in coordinating the churchwide plan. These responsibilities include the components delineated below:

Comment [BC20]: One of the goals in this section was to avoid the creation of duplicative policies. The responsibilities of GACOR are listed in the Organization for Mission, not in the Churchwide EEO/AA Policy. The only one itemized separately here is GACOR's role in participating in the review of this document. For other responsibilities, see the Organization for Mission.

A. Oversight of Equal Employment Opportunity Implementation.

~~The Each~~ General Assembly ~~Council~~ agency shall:
(a) develop and implement an overall plan for coordinating ~~the~~ equal employment activities ~~of the General Assembly Level~~ within their agency,
(b) share a copy of that plan to be in the files of the General Assembly Committee on Representation;
and
(b) ~~recommend report~~ periodically to the General Assembly: (1) ~~equal employment opportunity goals;~~
(2) annual summaries ~~prepared by the General Assembly Council~~ encompassing, but not limited to the

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~~their equal employment opportunity performance of the agencies of the General Assembly, related schools, theological institutions, and synods; and (32) proposed corrective action when necessary. (d) participate in periodic consultation with the General Assembly Committee on Representation who will recommend equal employment opportunity goals to the General Assembly.~~

Comment [BC21]: Input from GACOR significantly improved this section. Most of their input was incorporated, however, one element was not: the original proposal from GACOR included "propose corrective action" as part of the content of the periodic consultation by Agencies with GACOR. This change was not consistent with the existing division of responsibilities between the Agencies and GACOR. Agencies are responsible for the annual summaries and proposing corrective actions when necessary. GACOR also reviews the summaries and may propose corrective action to the General Assembly.

B. Support and Advocacy

~~The General Assembly Council shall encourage the development of support and advocacy groups for those who have been affected by past discrimination.~~

CB. Celebration of Progress

~~The Each General Assembly Council-agency shall encourage the celebration of progress in equal employment opportunity.~~

D. Consultation with Employing Units

~~The General Assembly Council shall ensure consultation with all agencies, councils, boards, commissions, and committees of the General Assembly (hereafter referred to as employing units) regarding their designation of an equal employment officer; implementation of personnel procedures and policies, and equal employment opportunity plans; dissemination of policies to employees; and appropriate corrective action.~~

Comment [CR22]: Needs to find a home – specific tasks – implementation plans housed with GACOR but what else?

Comment [BC23]: The Presbyterian Mission Agency was not seeking to create new mandates with these changes, but to reflect the current organization of responsibilities. The Mission Agency has no recommendation regarding consultation with other agencies, councils, board, commissions and committees of the General Assembly beyond the details of this policy, and the existing assignment of responsibilities set forth in the Organization for Mission.

E. Consultation with Synods

~~Following consultation with synods regarding the election of an executive (G-9.070 I) the General Assembly Council shall provide an evaluation of the inclusiveness of this process to the next General Assembly.~~

Comment [CR24]: GACOR would be a good consulting partner for the review of "inclusiveness of the process"

F. Participation in the Review of Chief Administrative Officers

~~General Assembly Council participation in the annual review of work of the chief administrative officer of each hiring unit of the General Assembly shall include provision to the hiring unit of an analysis of the unit's equal employment opportunity performance.~~

Comment [BC25]: The Mission Agency recommends deleting this section of the former policy, as it is beyond the current role of the Mission Agency, and the Mission Agency was not eager to assign mandates to and for other bodies as part of this update.

G. Guidelines for the Employment of Persons in the Identified Groups

~~The General Assembly Council shall publish and disseminate guidelines for the employment of women, racial ethnic persons, persons with disabilities and persons of various ages. (G-9.0104.)~~

Comment [CR26]: If the implementation plan is necessary for executive review (referenced in another portion of the document) – Means need to be included. How and why are specific provisions not included in the plan?

HC. Resolution of Discrimination Grievances

~~The Each General Assembly Council-agency shall include in its uniform personnel policies provisions for handling equal employment opportunity grievances and for the review of allegations of employment discrimination.~~

Comment [BC27]: Each agency is responsible to the General Assembly for its own equal employment opportunity performance. The chief administrative officer of each agency is responsible for the implementation of that agency's EEO/AA plan. Each chief administrative officer has regular performance reviews from their board, and each agency is reviewed on a six-year basis by the General Assembly, with input from GACOR, ACREC and others. The Mission Agency did not see the need to further define the process in this document.

ID. Operational Implementation

1. PURCHASING

The ~~Each~~ General Assembly ~~Council~~ ~~agency~~ shall instruct ~~its~~ purchasing agents ~~of the denomination~~ to notify all subcontractors, vendors, and suppliers of goods and services of the church's equal employment opportunity policy asking them to share a copy of their equal employment opportunity policy with the ~~church~~ ~~agency~~. ~~Copies of these policies shall be forwarded to the General Assembly Council by the purchasing agents for review and filing. Review and comment on these vendor plans will be included in the annual report of the General Assembly Council to the General Assembly.~~

Comment [CR28]: Perhaps we create a form that they must complete to attest that they have policies in place – what about Supplier diversity – where they are owned by persons in identified categories – women, racial ethnic persons (other than white) and persons with disabilities?

2. DISSEMINATION

A ~~brochure~~ ~~website~~ shall be ~~prepared~~ ~~developed~~ ~~and~~ ~~curated~~ by the ~~General Assembly Council~~ ~~Presbyterian Mission Agency~~, in cooperation with the ~~General Assembly Committee on Representation~~, on the subject of full participation and equal employment opportunity ~~which will be used by all employing units and institutions of the General Assembly and governing bodies of the church.~~

Comment [BC29]: The Presbyterian Mission Agency does not think that the General Assembly is calling it to oversee the compliance of other agencies with respect to supplier diversity. A Minority Vendor Policy, adopted in 1987, governs supplier diversity for the Mission Agency, and progress is regularly reviewed by GACOR and ACREC, and reported to the General Assembly. We do not believe additional operation details are needed at this point.

III. RESPONSIBILITIES OF CHIEF ADMINISTRATIVE OFFICERS

The chief administrative officer of each ~~agency~~ ~~employing unit~~ of the General Assembly shall be responsible for the ~~agency's~~ ~~unit's~~ implementation and administration of the equal opportunity policies as adopted by the General Assembly and shall ensure that the ~~agency's~~ ~~unit's~~ administrative manuals include guidelines and procedures for the implementation of these policies ~~at the unit level and with other governing bodies served by them~~. Neglect of this responsibility shall be grounds for dismissal.

Comment [CR30]: If this is managed by PMA – How does COR participate meaningfully? If OGA is responsible for dissemination, why is it PMA website?

The Executive Director of the General Assembly Council shall be the principal equal employment opportunity officer for the General Assembly.

Comment [BC31]: GACOR is welcome to provide information for the page. OGA is not referenced as responsible for dissemination of the resources. This responsibility, of dissemination, while no longer part of a "superintendent" role for the Mission Agency, is nonetheless mentioned in the Organization for Mission as a responsibility of the Mission Agency: "to provide resources to support equal employment opportunity and affirmative action..."

IV. RESPONSIBILITIES OF EMPLOYING UNITS/GENERAL ASSEMBLY AGENCIES

A. Designation of an Equal Employment Opportunity Officer

Each ~~agency~~ ~~employing unit~~ of the General Assembly shall designate an equal employment opportunity officer who shall be responsible for the implementation and management of the unit's agency's equal employment opportunity program.

Comment [CR32]: For what purpose? Just to be a distribution point? OGA required to disseminate. PMA does so on their site?

B. Development of Policies and Implementation Plans

~~In consultation with the General Assembly Council~~ ~~each~~ ~~Each~~ ~~agency~~ ~~employing unit~~ shall:

1. Ensure that all personnel guidelines, policies, procedures and practices are implemented in accordance with the church's policy on equal employment opportunity;
2. Initiate special actions required to "~~provide for full participation and access to representation in decision-making and employment practices~~ ~~to correct patterns of discrimination on the basis of race, sex, age or disability~~" (G-9.0104G-3.0103); and
3. Develop an equal employment opportunity implementation plan in support of the church's commitment to inclusiveness and participation, as stated in ~~F-1.0403~~ ~~G-4.0403~~ of the Book of Order, and ~~provide for full participation and access to representation in decision-making and employment practices~~ ~~correct any existing patterns of discrimination on the basis of race, sex,~~

Comment [BC33]: Earlier in this document, "the Office of the Stated Clerk" is given the responsibility for publishing/distributing this plan, however, it is not given the responsibility for disseminating resources. The Organization for Mission says that it is the responsibility of the Mission Agency to "provide resources to support equal employment opportunity and affirmative action..."

Comment [CR34]: Needs to be demonstrated in their reviews by some means

Comment [BC35]: Responsibility for implementation of equal employment opportunity and affirmative action is already listed as a responsibility of the chief administrative officer for each agency. Each agency is responsible for the review of their chief administrative officer and is accountable to the General Assembly for this work, through the Six Year Review process.

~~age, or disability~~ also stated in ~~G-9.0104G-3.0103~~. Each ~~unit's~~ ~~agency's~~ implementation plan shall be approved and maintained in the official files of both the General Assembly Committee on Representation and the agency ~~General Assembly Council~~.

C. Operational Implementation

Each ~~agency~~ ~~employing unit~~ shall:

1. Disseminate the General Assembly equal employment opportunity policy statement to all employees and include it in all appropriate General Assembly-level manuals of operations and employee handouts as well as post it on employee bulletin boards and include it in employee orientations;
2. Include each new employee at the supervisory level and above in an orientation and training program ~~designed in conjunction with the General Assembly Council's appropriate staff person~~; and
3. Advise prospective employees of the church's equal employment opportunity policies through advertisements, publications, and other public statements.

~~V. RESPONSIBILITIES OF SPECIFIC AGENCIES~~

The responsible General Assembly ~~agency or agencies~~ shall:

1. ~~Develop equal employment opportunity performance guidelines for the annual performance review and evaluation of synod executives and executive presbyters as prescribed by the Uniform Personnel Policies (16.00). (Examination of the executive's initiative in carrying out the provisions of the churchwide plan for equal employment opportunity should be included in the annual performance review process); and~~
2. ~~Report to the General Assembly Council on the equal employment opportunity performance of synods, presbyteries, and related schools and theological institutions.~~

~~VI. HIRING PROCEDURES~~

The search for and recruitment of persons from ~~racial ethnic groups, persons of all ages, persons with disabilities, and women~~ the Identified Categories is critical to the implementation of an effective equal employment opportunity plan. An effective program of search and recruitment shall include at least the following:

1. Recognizing that involvement of persons from the ~~identified groups~~ Identified Categories in the search and recruitment process is necessary;
2. Identifying resources related to the ~~identified groups~~ Identified Categories that will yield positive results, e.g., electronic media, newspapers, networks, caucuses, educational institutions and employment agencies; and
3. Utilizing the internal employment resources of the Presbyterian Church (U.S.A.).

Position descriptions should be kept current through review and alteration whenever significant change(s) in responsibilities are evident. Ample opportunity shall be given for the employee to participate fully in the process of suggesting changes in the position description. Modifications made to position descriptions must be submitted for refactoring. Position descriptions for all vacant positions authorized for filling will be prepared as outlined in the "Personnel Policies for Agencies and Guidelines for Governing Bodies," paragraph 09.04 and 09.05. The position description shall be examined carefully to determine what functional and personal qualifications as to educational attainment, skills, physical

ability (e.g. able to lift ten pounds), experience, knowledge, characteristics, etc., are actually required by the position so that qualification factors that discriminate against racial-ethnic persons in the Identified Categories, various age groups, women, or persons with disabilities are eliminated.

VII. EVALUATION. REVIEW AND ANALYSIS

Evaluation, review, and analysis are essential components of any effective equal employment opportunity implementation plan. ~~The General Assembly Council shall include detailed churchwide data and analyses in its report to the General Assembly. Such data will be secured from each employing unit of the General Assembly, each governing body above the session (presbytery reports are forwarded by the appropriate synod), and General Assembly related schools and theological institutions. Each General Assembly agency such entity~~ is expected to conduct an annual evaluation of its workforce to determine the status of its performance in actualizing the denomination's commitment to inclusiveness as outlined in ~~G-9.0104G-3.0103~~, according to timelines and procedures developed ~~in consultation with the General Assembly Council or by the General Assembly appropriate governing body~~ and with the corresponding General Assembly Committee on Representation.

Comment [CR36]: Whose report includes detailed data? GACOR? Each Agency?

Comment [BC37]: The original language, now proposed for deletion, directed the GAC to include detailed churchwide data in its reports, since it had a superintendent role over the other agencies, governing bodies and schools. Under the current proposal, EACH agency would be responsible for conducting an annual evaluation of its workforce and submitting data to the General Assembly and the GACOR.

The annual evaluation will indicate whether numerical goals and timetables to correct patterns of discrimination are necessary, and if they are, what these goals and timetables should be. It is expected that each ~~agency employing unit~~ of the General Assembly will define its equal employment opportunity problems or needs by first examining the numbers and levels at which it employs members of the identified groups. Members include racial ethnic groups, women, persons of all ages, and disability ~~(see G-13.0201 b)~~. Results of the annual work force review and analysis will be forwarded to the General Assembly ~~Council~~.

This work force analysis encompasses four components: (1) employment analysis, (2) recruitment analysis, (3) utilization analysis, and (4) goals and objectives.

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GLOSSARY

Affirmative Action any measure, beyond simple termination of a discriminatory practice, that permits the consideration of race/ethnicity, national origin, sex, or disability, along with other criteria, and which is adopted to provide opportunities to a class of qualified individuals who have either historically or actually been denied those opportunities and/or to prevent the recurrence of discrimination in the future.

Chief Administrative Officer the "chief executive" of each GA agency, synod, or presbytery. By virtue of office this person is responsible for administering EEO and is held accountable for implementation in each annual performance review.

Consult or Consultation the receiving of information or opinion in order to assure that views and interests of others are known.

Disability a mental or physical impairment that substantially limits one or more of such person's major life activities.

Discriminate/Discrimination to deny equal opportunity treatment in any phase of employment because a person is a member of one of the Identified Categories on the basis of race, sex, age, or disability. Marital status is an additional protected group in the calling of pastors, while disability is not so included.

Equal Employment Opportunity the taking of steps necessary to ensure employer neutrality with regard to membership in a Identified Category racial ethnic group, sex, age, or disability.

Employment the total relationship of employer and employee including pre-employment, employment, and post-employment.

Exempt Staff the Fair Labor Standards Act provides for nonexempt and exempt positions with respect to overtime. Those persons employed in exempt positions are not paid overtime wages for hours worked either in excess of the normal work schedule or 40 hours a week. Such employees are expected to manage their schedules to provide them with a minimum of one day off each week.

Genetic Information the Equal Employment Opportunity Commission defines genetic information as: Genetic information includes information about an individual's genetic tests and the genetic tests of an individual's family members, as well as information about the manifestation of a disease or disorder in an individual's family members (i.e. family medical history). Family medical history is included in the definition of genetic information because it is often used to determine whether someone has an increased risk of getting a disease, disorder, or condition in the future.

Good Faith Efforts the "faithful and sincere" efforts to achieve accepted goals through the implementation of specific steps.

Handicapped a person is handicapped if he or she (1) has a mental or physical impairment that substantially limits one or more of such person's major life activities; (2) has a record of such impairment; or (3) is regarded as having such an impairment.

Comment [CR38]: Responsibility included in the document – why not in the glossary?

Comment [BC39]: There is no confusion over to whom this refers. We would not know how to further define the term rather than saying again, "the chief," "administrative" "officer" of the agency. The glossary is used to define terms that may be unclear, or for which there might be dispute over what they mean.

Comment [CR40]: Prejudicial and suggests opposition to data or fact

Comment [BC41]: This word is from the original policy in 1985, we have made no changes here, except to include "consult" with the term "consultation". Opinion seems consistent with the words later in the definition... "views and interests of others"

Comment [CR42]: Not sufficient to accomplish review and participate in review... required partners, interested parties, needs more detail

Comment [BC43]: The aim of this glossary entry is to define "consult" or "consultation" not to define "review" or "participate in review." This definition of "consultation" has been consistent since the document was created in the mid-1980's.

Comment [CR44]: GACOR uses the following definition in its Synod COR report forms: "D=Persons With Disability (PWD) 'Persons with disabilities are a diverse group of individuals who have physical or mental disability that substantially limits one or more major life activities, such as relating, caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, bre... [1]"

Comment [BC45]: We have retained the current definition, which is consistent with the definition used in the Americans with Disabilities Act: "The term 'disability' means, with respect to an ... [2]"

Comment [CR46]: Why has marital status been struck? This seems a limited definition of discrimination. Marital status is included in the original Identified Categories description on page 1.

Comment [BC47]: Marital status was struck because it is included in the list of Identified Categories described on page 1. There is no need to call one item out over others, if all are in the list.

Comment [CR48]: Look at this one – seems toothless

Comment [BC49]: We did not see the need to further define Equal Employment Opportunity in the glossary, since the entire policy seeks to define Equal Employment Opportunity for General ... [3]"

Comment [CR50]: Why was this removed? Does it no longer apply to exempt staff?

Comment [BC51]: The purpose of the glossary is to define terms in the document which may be unclear. "Exempt staff" does not occur in the document, and therefore does not need to b... [4]"

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Identified Groups/Categories-for purposes of this Policy, the Identified Categories include: race/ethnicity, color, national origin, gender, age (40 and over), marital status, sexual orientation, creed, protected disability status, citizenship status, genetic information, uniformed service or veteran status or religious affiliation (except where religious affiliation is a bona fide occupational qualification), or any other characteristic protected by law persons with disabilities, women, persons of all ages, and Blacks, Asians, Hispanics, and Native Americans.

Job Classification-a grouping of positions according to responsibility or function within a total structure.

Nonexempt Staff-the Fair Labor Standards Act provides for nonexempt and exempt positions with respect to overtime. Persons employed in nonexempt positions shall be paid overtime wages for hours worked in excess of 40 hours per week.

National Origin-the Equal Employment Opportunity Commission defines national origin discrimination as: National origin discrimination involves treating people (applicants or employees) unfavorably because they are from a particular country or part of the world, because of ethnicity or accent, or because they appear to be of a certain ethnic background (even if they are not).

Position Description-description of job: its responsibilities (functions to be performed); accountabilities; fit into total organization; personal requirements; experience deemed necessary to perform in position, such as education or previous work.

Race/Racial Ethnic Group/Ethnicity, persons who are members of four specific racial ethnic groups. The Equal Employment Opportunity Commission recognizes six race and ethnic designations: Asian (not Hispanic or Latino), Black or African American (Not Hispanic or Latino), Hispanic or Latino, and Native American Indian or Alaska Native (Not Hispanic or Latino), Native Hawaiian or Other Pacific Islander (Not Hispanic or Latino), and White (Not Hispanic or Latino).

Comment [CR52]: It seems the most important one is Hispanic or Latino as all are defined by that moniker...is there any room for the church definition of the racial ethnic categories.

Comment [BC53]: Our Equal Employment Opportunity policy follows the guidelines of the federal Equal Employment Opportunity Commission. "Hispanic/Latino" is part of the federal definitions.

Recruitment-the process of seeking applicants for positions. It can be "passive" or "aggressive" in seeking those who might not apply without special efforts.

Underutilization-having fewer persons in the identified groups in a particular job classification than would reasonably be expected by their availability in the work force.

Comment [CR54]: Why is this removed?

Comment [BC55]: This was removed because the term was not referenced in the policy. The glossary exists to define terms used in the policy.

Presbyterian Mission Agency Compensation Program

Effective January 1, 2013
Revised December 16, 2013

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Introduction

In 1988 the General Assembly approved a set of Churchwide Compensation Guidelines, including fourteen principles, to serve as guidelines to the whole church for its use in assuring fair and consistent treatment of its full-and part-time employees. As a set of guidelines, it calls for flexible implementation by particular churches and governing bodies (GA Minutes, 1988, p. 795, the principles are on Attachment I to this document.) The Guidelines were reviewed and revised by the General Assembly in 1999. In 2002, the General Assembly reviewed and reaffirmed the revised Guidelines. In 2010, the General Assembly adopted a theology of compensation, *Neither Poverty Nor Riches: Compensation, Equity, and the Unity of the Church*, that affirmed all persons to have vocations from God to serve the common good and that the church as a mission enterprise should demonstrate distinctive principles of equity and solidarity to resist the high and low extremes of market-determined compensation found in secular hierarchical organizations.

These guidelines establish a foundation under which the Presbyterian Mission Agency's compensation program must operate. Since they do not provide detailed procedures or mandatory requirements, the Presbyterian Mission Agency must ensure that an effective compensation program is defined and implemented so that:

- The program is in alignment with the Presbyterian Church (U.S.A.)'s 14 Principles of Compensation.
- Employees receive fair and equitable salaries in relation to their contribution to the organization's success, without regard to race, color, gender, national origin, age, disability, marital status, sexual orientation, creed, or religious affiliation.
- The Presbyterian Mission Agency is a good steward of financial resources.

This compensation program is a required program that must be followed by all managers and supervisors of the Presbyterian Mission Agency. This program document replaces all other Presbyterian Mission Agency compensation programs and plans.

~~This compensation program builds upon the program initially implemented in 2006, which was not fully implemented due to financial constraints. Attachment 2 to this document provides a comparison of changes between the 2006 program and this program. This current program document replaces all other Presbyterian Mission Agency compensation programs and plans.~~

Compensation Philosophy

The primary compensation components that define the Presbyterian Mission Agency's philosophy of compensation are:

1. Comparative pricing of positions,
2. Standard, across-the-board salary awards as allowed by annual budgets, and

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3. Merit (performance-based) awards as allowed by annual budgets

The Presbyterian Mission Agency's compensation approach includes both merit and a standard, across the board award, which is consistent with the Churchwide Compensation Guidelines. Individual performance against pre-established objectives and success measures is one component that influences an employee's award opportunity. An employee who achieves a higher level of performance during a performance cycle may be eligible for a higher compensation award as a percent of pay than an employee who performed at a lower level. All eligible employees, regardless of performance, may receive a standard annual base pay adjustment or lump sum payment as allowed by budget.

The specific percentages used to fund the merit award budget and the standard award budget will be proposed annually by HR and approved by Leadership Cabinet (LC)ELT and the Presbyterian Mission Agency Board's Executive Committee. Any compensation award is subject to budgetary conditions and is not guaranteed.

The comparative pricing compensation approach places greater emphasis primarily on comparable religious/faith-based, non-profit and some for-profit markets and allows the Presbyterian Mission Agency to align pay with equivalent individual positions. This approach readily accommodates organizational and job/role changes and recognizes performance and competency.

Each Presbyterian Mission Agency position is priced using national compensation survey data from religious, non-profit and for-profit segments. This compensation information is used to establish a salary range for each position. The "Minimum" of the range is comparable to the 25th percentile of comparable positions, the midpoint ("Target") is comparable to the 50th percentile and the "Maximum" is comparable to the 75th percentile.

It is the Presbyterian Mission Agency's goal to pay employees who are fully performing in their jobs at the Target of the position's salary range. "Fully performing" is defined as when an employee is fully competent, meets or exceeds job expectations, and can fulfill the responsibilities and duties of the position. Employees will not be paid below the Minimum of their position's salary range.

The Presbyterian Mission Agency's Compensation Program

The Presbyterian Mission Agency's compensation program has five components: job descriptions, titles, pricing, performance management and salary administration.

Job Descriptions

Job descriptions reflect the position's purpose, role and the necessary skills and competencies at the time written, but work itself is evolving and fluid. Managers are responsible for ensuring that job descriptions are kept up-to-date and reviewed on a periodic basis. From time-to-time

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work may appropriately be required which is not specifically detailed in a job description. The job description pertains to the job itself and is not based on any specific individual who might fill the job.

Information in job descriptions is used during the pricing process as a basis for the selection of comparables.

Titles

Each position will be assigned a title that will be used on Presbyterian Mission Agency employee and payroll documents. This standardizes the Presbyterian Mission Agency titling across the organization. In most cases this title will be same title that an employee will use on business cards, etc. However, if a manager deems necessary and with approval from Human Resources and the Executive Director, a title may be adjusted for external use to better describe the specific work being done. The position's internal title will not change.

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Example:

The Presbyterian Mission Agency title of a position is Mission Associate I. This position works with one specific program and it is helpful to have the program name included in the title for communications with constituents. With approval, the employee can use Mission Associate for (program name.) The employee's official Presbyterian Mission Agency title will not be changed—it will remain Mission Associate I.

Comparative Pricing

Human Resources is responsible for ensuring all positions are ~~priced and~~ assigned an appropriate salary range. The process includes:

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- Job description review
- Consultation with the manager or supervisor and employee (as appropriate) about the position's role, responsibilities and requirements
- Comparison of updated job description, objectives and other information to survey data and comparables and selection of appropriate matches
- Creation of a salary position range (rounded up in \$100 increments) based on comparables
- Review of results with manager or supervisor
- Revisions, if necessary

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All of the Presbyterian Mission Agency's positions will be reevaluated and reviewed on a two year cycle at a minimum. Patterns of disproportionate representation of employees by gender or race in particular salary position ranges, if found, will be analyzed in terms of employee experience and job characteristics and remedied as necessary on pay equity bases (including comparable worth, as affirmed by the General Assembly in 2008).

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Positions may be ~~re-~~re-analyzed outside of this schedule if there is a significant change in job responsibilities or if a new position is created. A manager or supervisor should contact Human Resources to request re-pricing if substantial changes have occurred in a position. At this time, the job description should also be revised.

Performance Management

Performance-based pay is identified in the 14 principles of compensation as one factor to be considered for salary adjustments. This makes it critical that measurable organizational and individual objectives are established and that good, effective performance management occurs throughout the year.

The most effective review of performance is an evaluation where supervisors and employees work together to establish and clarify understanding of performance expectations at the beginning of the performance cycle. Regular and on-going coaching and feedback throughout the year is critical to ensuring ongoing understanding and appropriate course correction.

The Presbyterian Mission Agency requires that written, annual performance objectives be established for all employees and that written performance reviews be conducted at least twice annually—at mid-year and at the end of the performance year.

Any employee who supervises one or more employees will have an objective covering their supervisory responsibilities included in their annual objectives.

Salary Administration

Decisions about an individual's salary may be made at key times during an individual's employment: annually, internal job moves, at hiring or because of changes in responsibilities or the job market.

Annual salary administration

All regular employees' salaries are reviewed following the annual performance review process, generally in the ~~January-February~~ timeframe. —Employees hired on or after ~~January~~October 1 are not eligible to participate in the salary administration process immediately following their hire.

Annual salary base-pay increases, if awarded, will be effective April 1st each year.

Regular employees are eligible for an increase to their base salary if their current salary is less than the Target of the salary range for their position. Regular employees whose current salary is at or greater than the Target of the salary range for their position are eligible to receive their compensation award in two lump sum payments, payable in equal installments during April and October. This allows an employee to receive additional compensation during that year but does not continue to increase the base salary beyond the median of comparables.

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There are two types of awards that can be made during salary administration—a standard, across-the-board award and a merit award based on performance. All employees receive the standard award as either a base pay increase or as two lump sum payments, as allowed by an approved budget.

Decisions on whether an individual receives a merit award and, if so, the amount will be based on data from three factors:

- ☑ Individual performance level achieved during the performance cycle.
- ☑ Current base pay positioning against the salary range.
- ☑ Organizational performance / budget available for compensation adjustments.

Human Resources will train and work with management during the salary administration process and they will publish guidelines to assist with determining award recommendations. The Deputy Executive Directors and Senior Directors will be responsible for reviewing and making final recommendations to the Executive Director, who will give final approval to all awards.

Example:

The salary increase budgets for the year are 1% for standard awards and a merit pool funded at 2% of the total of employees' base salaries.

Sam's current salary is \$33,500.

The salary range of his position is \$30,500 - \$36,500 - \$42,500. Target is \$36,500.

Sam is eligible for a base pay increase.

Sam is automatically eligible for the 1% standard award. His manager recommends, and ELFLC approves a merit award of 2.5%, taking into consideration his annual performance and the current positioning against market of his salary. Add the 1% standard adjustment to this and Sam's combined compensation award percent is 3.5%.

1% \$335

2.5% \$837.50

Total compensation award \$1172.50

Sam's new salary is \$33,500 + \$1172.50 = \$34,673 (salary will be rounded up to the nearest dollar)

If an employees' current salary is at or greater than the Target of their position's salary range, they may still receive a compensation award payable in two lump sum payments, but their base salary will not be increased. All exceptions to this must be reviewed by Human Resources and approved by the Executive Director.

Example:

The salary award budgets for the year are 1% for standard awards and a merit pool funded at 2% of the total of employees' base salaries.

Pat's current salary is \$46,000.

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The salary range of her position is \$37,000 - \$45,000 - \$52,000. Target is \$45,000. Pat is not eligible for a base pay adjustment because her current salary is above the Target of her position's salary range.

–Pat will receive 1% of her salary in two lump sum payments and she is eligible for a merit award as determined by management to also be paid in two lump sum payments. Her manager recommends, and ELT-LC approves a merit award of 2.0% taking into consideration her annual performance and the current positioning against market of her salary. Add the 1% standard adjustment to this and Pat's combined compensation award percent is 3.0%.

1% \$460
 2.0% \$920

Total compensation award \$1380

Pat's base salary remains at \$46,000 and she receives \$1380 to be divided into two equal payments, one in April and one in October.

Human Resources and the ELT-LC share responsibility for ensuring pay equity across departmental lines. As part of the annual salary administration process, Human Resources will conduct an analysis and review of the salaries of comparable positions within the organization and any equity issues or concerns will be brought to the ELT-LC for review and action.

It is important to note that internal equity does NOT mean that all employees in the same position will be paid the same salary. The amount of an individual employee's salary is determined by considering several factors, including internal equity and an assessment of how salaries of employees in same or similar (comparable complexity and scope) positions compare. Other factors include individual performance level, base pay positioning against the salary range, and budget availability.

Internal job move

If an employee makes an internal job change, their position and their salary range can change and the employee's base salary will be reviewed to determine if a salary adjustment should be made. An employee does not automatically retain their current salary when making an internal job move.

"Promotions" or "demotions" are not determined by whether a person's position is a higher or lower grade level, because the Presbyterian Mission Agency no longer has salary grades. Instead, this program allows recognition of a promotion as a move into a position with significantly higher responsibility. And, what would previously have been considered a demotion becomes simply a move to a position that has a salary range lower than their current salary range. This allows for a more positive transition to a new position.

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A decision on the base salary offered to the employee is based on the same criteria as described previously in the annual salary administration section above.

New Hires

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The starting base pay for new employees should reflect the level of qualifications and experience the person brings to the job. Managers will determine the starting salary by: evaluating the individual's proficiency level, their skills, experience and educational level coming into the job, and the budget allocated for the position. Managers, in consultation with Human Resources, will also take into consideration the salaries of internal comparable positions when determining the starting salary. Employees with minimal experience should, in general, be offered a base salary near the Minimum of the salary range. Experienced or fully qualified individuals should, in general, be offered a base salary higher than the Minimum and, in some cases, close to or at the Target.

Equity and Salary Adjustments

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At times, an employee's salary may need to be reviewed and adjusted outside of the annual salary administration cycle because their current salary level does not reflect his/her competency and performance, or because their salary is not in line with incumbents with similar competency and performance who are in the same or similar positions. Should an employee's salary be determined to be out of line an adjustment may be made to the employee's base salary using similar decision criteria as previously described.

The salary range of any position is subject to change when comparable survey data and comparables are evaluated and found to have changed. If an employee's salary falls below the minimum of the new range, their salary will be adjusted to the new Minimum, as appropriate. If the salary range decreases, an employee's salary will not be reduced.

In general, to allow for orderly administration, such situations, should they arise, will be reviewed on a quarterly basis by ELT-LC and not one by one.

Review and Revisions

Human Resources will review the compensation program annually and will bring recommendations for revisions to the Presbyterian Mission Agency Board Personnel Committee for consideration and approval. The Personnel Committee is a subcommittee of the Executive Committee.

Bonuses

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Presbyterian Church (U.S.A.)
Churchwide Compensation Guidelines
(Revised)

Adopted by the 211th General Assembly (1999)
Minutes of the 213th General Assembly (2001), pp 558-562

Attachment 1

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Principle One—Standards

The compensation plans in Presbyterian Church (U.S.A.) entities, governing bodies, congregations, and related organizations or institutions should be in accord with the biblical, theological, and ethical standards of the Presbyterian Church (U.S.A.) as set forth in the theological background statement (Appendix A).

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Principle Two—Mission

The fulfillment of the church's mission calls for effective, competent staff throughout the church and appropriate compensation to attract and retain them.

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Principle Three—Equity and Accountability

The compensation plans should be equitable, consistent with the Presbyterian system of government, and include mutual consultations and accountability on compensation matters among governing bodies and affected constituency groups at every level.

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Principle Four—Applicability

These principles of compensation should apply to all compensation plans for the entities of the General Assembly and are advisory to other governing bodies and Presbyterian-related institutions. Entities include the Office of the General Assembly, the General Assembly Council, the Presbyterian Church (U.S.A.) Foundation, the Presbyterian Church (U.S.A.) Investment and Loan Program, Inc., the Presbyterian Publishing Corporation, and the Board of Pensions.

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Principle Five—Basic

Factors to be considered when setting compensation should include the nature, purpose, scope, and responsibility of the position; the experience, knowledge, and skills required; the challenge of the work to be done and its impact on the effectiveness with which the church achieves its mission.

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Principle Six—Components

Compensation for regular employees should include cash salary and related payments and allowances; participation in the Presbyterian Church (U.S.A.) Benefits Plan or its equivalent (e.g. which provides retirement, disability, health, survivor and death benefits coverage), paid holidays, leaves, vacation, and continuing education and/or staff development.

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Principle Seven—Compensation Plan Reviews

Each employer should review its compensation plan on an annual basis and make the plan available to all affected persons.

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Principle Eight—Performance Reviews

Performance reviews for each employee should be conducted annually and are one factor to be considered for salary adjustments. Performance-based increases provide opportunity for financial recognition to employees.

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Employers should also be alert to changes in the responsibilities of positions, of skills and knowledge of employees, in the technology of the workplace, and should make appropriate changes in position titles, descriptions, and compensation.

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In maintaining a relationship between the highest and lowest salaries, lower levels of compensation should be comparable to or better than the average salaries paid in the marketplace, but not so far above the average that good stewardship of the church's funds is compromised. Salaries at the top levels should reflect a tempering of excessive compensation.

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The general level of salaries should recognize changes in living costs, especially as they impact lower-paid employees. Cost-of-living adjustments should not be confused with increases based on performance or changing duties.

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Principle Nine—Minimum Compensation

Presbyteries, synods, and General Assembly entities should establish minimum terms of call or employment for representative positions in agencies or institutions related to those bodies and review the adequacy of such minimum terms on an annual basis. Ordinarily, no employee should be compensated at a rate below applicable minimum terms. Exceptions should be reviewed on an annual basis.

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Principle Ten—Recruiting

The system of compensation should ensure that all church employees are compensated according to the following criteria:

- Employees recruited locally should be paid within salary ranges related to the average salaries paid by employers in that location for comparable positions requiring similar skills and experience.
- Employees recruited regionally or nationally should be paid within salary ranges related to the average salaries regionally or nationally paid by employers for comparable positions in comparable organizations requiring similar skills and experience, modified to reflect the cost of living in the locale where the work is done.

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Principle Eleven—Salary Relationships/Stewardship

The Church is one Body with varieties of gifts, and each person's contribution to its mission is important. The church recognizes the value of all varieties of service and seeks to temper the values and rewards of the marketplace. A reasonable relationship between the highest and the lowest salaries paid to all church employees honors the principle of shared community and call.

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In establishing compensation plans and/or individual salaries, comparable salary data may include data from other national church organizations, including pension boards and foundations, academic institutions, the publishing field, pastors' salaries, and other sources as deemed appropriate by the elected bodies of the entities or the employing organization.

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Salaries should not fall below a just salary that permit a church employee to maintain a decent standard of living. *(A possible point of reference could be the Board of Pensions of the Presbyterian Church (U.S.A.) terms of its income supplement program for its retirees.)*

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Principle Twelve—Special Salary Action

The church is committed to "A Theology of Compensation" (Appendix A) and the desire to exercise good stewardship. The church is similar to other employees in society who, when they establish pay practices, experience tension between available resources, philosophical principles, and the realities of the employment marketplace. Many of these organizations utilize an exception-based principle in their compensation practices. Recognizing that there may be employment situations requiring exceptional skills/experience levels or supply/demand crises, the appropriate elected body should deliberate on whether an exception to their compensation plan should be made. As one Body, the exception decision may affect other parts of the Church. Thus, it is incumbent upon the persons involved in the decision to seek the advice of others to the end that the decision enhances rather than diminishes the bonds of community.

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Principle Thirteen—Resource Sharing

In order to provide fair compensation throughout the church, there should be a process in every presbytery, insofar as possible, to share resources so that churches and other bodies that do not have funds to pay for adequate salaries or benefits are given help to do so, subject to annual review. When total presbytery resources are inadequate to meet these mission needs, this is a basis for seeking funds from the synod. The same principle should apply to synods and the General Assembly. All governing bodies should share in giving to the mission of the church, even though they themselves may be receiving aid.

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Principle Fourteen—Economic Justice

Every compensation plan should be accompanied by a vigorous program of economic justice to ensure that all employees are paid equitably at all levels of employment, without regard to race, color, gender, national origin, age, disability, marital status, sexual orientation, creed, or religious affiliation (except when it is determined to be bona fide occupational qualification.)

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**Presbyterian Mission Agency—
 Revisions to Compensation Program—
 Comparison of Changes At a Glance—**

Attachment 2—

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Current Compensation Program—

Alignment with 14 Churchwide Compensation Guidelines—

Requires written job descriptions for all employees—

Use of market pricing and internal comparisons to determine the comparable value of a position for clergy and non-clergy and to assign salary grade—

Salary grade ranges consist of two data points—Minimum and Maximum.—

Employees are not paid below the Minimum of their position's salary grade—

Salary grades are increased by 3%* annually and employees receive a base pay increase of 3%*—

**or a percentage approved in the budget process—*

Regular employees are eligible for a base pay increase if their salary is below the Maximum of the salary grade.— Employee's whose salary is at or greater than the Maximum receive 3% of the Minimum of the salary grade paid in 2 lump sum payments on the first pay in April and the first pay in October.—

If allowed by budget, employee's receive either a base pay increase or lump sum payments without regard to performance.—

Eligibility to participate in the Board of Pensions benefits plan—

Revised Compensation Program—

Alignment with 14 Churchwide Compensation Guidelines—better alignment with performance being a component of pay—

Job descriptions are still required and will be written as role-based descriptions instead of task-based.— Job descriptions will be reviewed and updated as necessary—

Will continue to use market pricing and internal comparisons; salary grades no longer used.— Each position will have a specified salary range—

Will no longer have salary grades.— Each position will have a 3 point salary range with a Minimum, Target, and Maximum.— Salary ranges will be rounded up in \$100 increments—

No employee will be paid below the Minimum of their salary range—

A portion of the overall budgeted increase percentage will be given as a standard compensation award to all employees and a portion will be allocated to merit awards.—

Regular employees are eligible for an increase to their base salary if their current salary is less than the Target of the salary range for their position.— Regular employees whose current salary is at or greater than the Target of the salary range for their position are eligible to receive their compensation award in two lump sum payments, payable in equal installments during April and October.—

There are two types of awards that can be made during salary administration—a standard award and a merit award based on performance.— All employees receive the standard award as either a base pay increase or a lump sum payment, as allowed by an approved budget.—

No change—

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