Church Extension Plan

LIFE REWARDS™

Ministers Retirement Plan

EXCERPTS from the

Participant Handbook

The following information is from the Participant Handbook that highlights some of the plan administration. You will receive a full Handbook once your enrollment forms are processed.

If you have specific questions that aren't answered in this summary please call the Plan Administrator.

Sponsored by:

Church Extension Plan

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What are the benefits of participating in Life Rewards?

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

Who is eligible to be in Life Rewards?

A person is eligible to participate in Life Rewards if they are credentialed with the Assemblies of God or an employee of an Assemblies of God church or ministry.

How do I become a participant?

Your employer must adopt the Life Rewards retirement plan. Once your employer has adopted the plan, you must complete the enrollment form and return it to the Plan Administrator.

How are contributions made to Life Rewards?

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

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

Please Note: Voluntary contributions are the only type of contributions you can withdraw before age 59½.

Employer-Paid Contributions: There are two ways your participating employer can make employer contributions for you. Your participating employer can make either or both of these contributions—

(1) *Matching Contributions.* As the name indicates, these contributions match a percentage of the voluntary contributions you agree to make. Your participating employer may put an upper limit on the amount of the match.

Example: Your participating employer agrees to contribute (or "match") 50 cents for every dollar that you contribute up to 3 percent of the compensation it pays to you. (Let's say that happens to be $50,000.) If you contribute $4,000 as a voluntary contribution, then the matching contribution your participating employer will make will be $1,500. This is because, while 50 percent of $4,000 is $2,000, the match is capped at $1,500 (3% of $50,000).

(2) *Nonelective Contributions.* Unlike matching contributions, which are tied to your voluntary contributions, nonelective contributions are either a stated percentage of your compensation (e.g., 5% of pay) or a flat dollar amount (e.g., $100 per month). These contributions may also be discretionary from year to year. That is, your participating employer may reserve the right to determine each year whether to make a nonelective contribution on your behalf and in what amount. These contributions are called "nonelective" because you do not have the right to elect to receive the amount of these contributions in cash instead of as an employer-paid contribution to Life Rewards. In contrast, you do have this "cash or contribution" election right with voluntary contributions. This is why nonelective contributions are not considered to be "voluntary." This distinction is important because voluntary contributions are subject to the IRS contribution limit, described in the full handbook, while nonelective contributions are subject to the higher "415 limit" (see Q&A 5-8 in the full handbook).

What is the limit for voluntary contributions?

Your voluntary contributions cannot exceed the maximum annual dollar limit shown below or 100 percent of your includible pay, whichever is less.

Any employer-paid contributions that you receive do not count towards this limit. However, employer-paid contributions are combined with your voluntary contributions for purposes of determining your "415 Limit."

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

2005:	$14,000
2006:	$15,000
2007 and afterwards:	$15,000 indexed for cost-of-living allowances

Can I transfer an existing account from another retirement plan into Life Rewards?

Yes. You can transfer ("rollover") funds from other retirement plans into a Life Rewards account. This includes amounts you have in other 403(b) plans as well as 401(k) plans, 401(a) pension or profit-sharing plans, governmental 457(b) plans and IRAs. Rollovers into Life Rewards are not taken into account for purposes of determining your maximum annual contribution limits to Life Rewards. If you want to roll over funds into Life Rewards, please contact the Plan Administrator for the details and procedures.

How will my Life Rewards account be invested?

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

When will I receive my benefit payment?

Once you have retired or separated from service, you will need to submit a Benefit Payment Election form to the Plan Administrator to receive your benefit payment. Your payments will generally begin no later than 90 days after the date we receive your Benefit Payment Election form. In some cases, additional time may be required to process your benefit payment. In those cases, payment will be made as soon as administratively feasible after the amount of your benefit is calculated.

How long will I be able to postpone payments?

You must begin receiving your benefit payments no later than April 1 of the year following the year in which you turn age 70 ½ or, if later, the year in which you retire (if you continue working beyond age 70 ½). By this date, you must begin receiving at least the required minimum amount of your remaining account balance.

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

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

What payment options are available?

Normal Form of Payment: Life Rewards will automatically pay your benefit in a lump-sum payment, unless you elect an optional form of payment.

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

- Direct Rollover
- Installment Payments
- Single Withdrawals

These alternatives are explained in more detail in the full handbook.

What payments can I roll over?

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

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

I am a minister. How do I receive my housing allowance distribution?

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

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

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

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

For a complete copy of the Participant Handbook please contact the Life Rewards Plan Administrator.