



Salary-Paying Unit Sub-Adoption Agreement

- Whereas _____ the Annual Conference of The United Methodist Church (Plan Sponsor) sponsors the Hospitalization and Medical Expense Program (the Plan) known as HealthFlex for the benefit of all eligible deacons, lay employees or both of all eligible salary-paying units located within the jurisdiction of such Plan Sponsor, which shall be limited to those salary-paying units specified in the Plan materials and in the HealthFlex Plan Sponsor Adoption Agreement and its Exhibits executed by the Plan Sponsor; and
- Whereas, the Plan includes a group health plan, a premium conversion plan, a medical reimbursement account and a dependent care reimbursement account; and
- Whereas, the General Board of Pension and Health Benefits of The United Methodist Church, Incorporated in Illinois (General Board), administers the Plan with the assistance of the Plan Sponsor; and
- Whereas _____ (hereinafter the “Salary-Paying Unit” under the terms of this Sub-Adoption Agreement) is eligible to participate in the Plan as sponsored by the Plan Sponsor and wishes to participate in the Plan.
- Now, therefore, by this instrument, effective as of _____ (Effective Date), the Salary-Paying Unit hereby agrees to participate in the Plan for all of its eligible deacons, lay employees or both, in accordance with the following:
 - 1.a) The Salary-Paying Unit agrees to be bound by all the terms, provisions, administrative policies and guidelines of the Plan and the Plan Sponsor’s HealthFlex Plan Sponsor Adoption Agreement.
 - 1.b) The Salary-Paying Unit agrees to comply fully with all eligibility, participation, underwriting, financial, actuarial, legal and administrative policies, guidelines and procedures of the Plan, as amended.
 - 2.a) The Salary-Paying Unit agrees to offer Plan coverage to all of its eligible deacons (if the Conference Plan Sponsor has not elected to cover deacons at the Conference level), lay employees or both as specified below, on a nondiscriminatory basis.

Optional Coverage for the Salary-Paying Unit’s Deacons and Lay Employees:

To the extent that Part 2, Section 3 and Part 4 of Exhibit A of the Plan Sponsor’s Adoption Agreement allows the Salary-Paying Unit to make choices on the following points, the Salary-Paying Unit must proceed to make these choices.

- Deacons in eligibility categories selected by the Plan Sponsor in Part 2, Section 3 of Exhibit A.
Note: This must be selected if the Risk Pool Rules apply at the Conference level for deacons and the Salary-Paying Unit, if other than a local church, is named in Exhibit A.
- Lay employees of the Salary-Paying Unit who are normally scheduled to work 30 hours or more per week and who have been employed for at least ____ months (insert a number between 0 and 6), excluding seasonal employees.
- Lay employees of the Salary-Paying Unit whose active service has ended and have: i) retired pursuant to the employer’s (the Salary-Paying Unit’s) retirement policy; and ii) completed a minimum of five years of continuous and uninterrupted coverage in the Plan immediately preceding the date of retirement.
- A surviving spouse or a dependent of an active lay employee.
- A surviving spouse or a dependent of a retired lay employee.

2.b) The Salary-Paying Unit agrees to make any necessary records and data available to the Plan Sponsor and the General Board in order to determine the eligibility of all eligible and potentially eligible deacons, lay employees, spouses and other dependents. The initial Salary-Paying Unit eligibility data follow:

- i) Total number of deacons at the Salary-Paying Unit: _____
- ii) Total number of deacons at the Salary-Paying Unit who are eligible to participate in the Plan, pursuant to the selections above and in Part 2, Section 3 of Exhibit A of the Plan Sponsor’s Adoption Agreement: _____
- iii) Total number of lay employees at the Salary-Paying Unit: _____
- iv) Total number of lay employees at the Salary-Paying Unit who are eligible to participate in the Plan, pursuant to the selections above: _____

2.c) The Salary-Paying Unit shall offer Plan coverage to the above deacons, lay employees or both. Then, to the extent that the Plan provides for elective participation by such persons, these persons will proceed to elect whether to participate in the Plan.

2.d) The Salary-Paying Unit agrees to cover 100% of all of its enrolled deacons, lay employees or both in the event that the Plan Sponsor contributes 100% of the cost associated with such persons’ coverage under the Plan (or in the event that the Plan Sponsor requires the Salary-Paying Unit to make contributions that on their own, or in conjunction with, the contributions from the Plan Sponsor total 100% of the cost for such persons).

2.e) The Salary-Paying Unit agrees to cover no less than 75% of all of its enrolled lay employees in the event that the Plan Sponsor or the Salary-Paying Unit requires covered persons to contribute toward the cost associated with such coverage under the Plan.

2.f) In the event the Plan Sponsor selects participation in the Standard Risk Pool and the Plan Sponsor or the Salary-Paying Unit requires covered persons to contribute toward the cost associated with such coverage under the Plan, the Salary-Paying Unit agrees to cover no less than 75% of all of its enrolled deacons.

2.g) In the event the Salary-Paying Unit has fewer than 12 lay employees, the Salary-Paying Unit satisfies the percentage requirements in 2.e) if the number of covered lay employees corresponds to the number in the chart below:

Total Number of Eligible Lay Employees	Required Number of Covered Lay Employees
1	1
2	1
3	2
4	3
5	3
6	4
7	5
8	6
9	6
10	7
11	8

3.a) The Plan Sponsor shall send the Salary-Paying Unit a monthly or quarterly invoice (as decided upon by the Plan Sponsor) regarding all benefit options (i.e., group medical plan, medical reimbursement account and dependent care reimbursement account) provided to participants under the Plan maintained by the Plan Sponsor.

3.b) The Salary-Paying Unit shall promptly remit the entire invoiced amount to the Plan Sponsor for those covered.

- 4.a) This Sub-Adoption Agreement shall become effective as of the Effective Date and continue in effect for an Initial Plan Year, unless earlier terminated as provided for in this Sub-Adoption Agreement. The “Initial Plan Year” shall mean the period of time commencing on the Effective Date and ending on December 31 of that same year. Thereafter, his Sub-Adoption Agreement shall automatically renew on the first day of each Plan Year for an additional Plan Year until terminated by either the Plan Sponsor or the Salary-Paying Unit, or unless the Plan Sponsor or the General Board terminates the Plan Sponsor’s Adoption Agreement. The “Plan Year” shall mean the calendar year (i.e., the 12-month period commencing on January 1 and ending on December 31).
- 4.b) After the Initial Plan Year has expired, this Sub-Adoption Agreement may be terminated by the Plan Sponsor effective as of the end of the last day of the then-current Plan Year, provided the Plan Sponsor gives the Salary-Paying Unit written notice of such termination no later than three months before the effective date of such termination.
- 4.c) After the Initial Plan Year has expired, this Sub-Adoption Agreement may be terminated by the Salary-Paying Unit effective as of the end of the last day of the then-current Plan Year, provided the Salary-Paying Unit gives the Plan Sponsor written notice of such termination no later than three months before the effective date of such termination
- 4.d) This Sub-Adoption Agreement may be terminated by the Plan Sponsor due to the failure of the Salary-Paying Unit to pay any invoiced amounts (as described in Section 3 herein) upon the due date established by the Plan Sponsor. In the event the Plan Sponsor seeks to terminate the Sub-Adoption Agreement with the Salary-Paying Unit due to non-payment of invoiced amounts, the Plan Sponsor shall provide the Salary-Paying Unit with written notice of its intent to terminate. Such written notice shall be provided to the Salary-Paying Unit no less than 10 days prior to the effective date of termination. In any such event, the Salary-Paying Unit shall continue to be liable for any unpaid invoiced amounts.
- 4.e) The Plan Sponsor reserves the right to terminate the Salary-Paying Unit’s participation in the Plan as of the end of the last day of any Plan Year in which the Salary-Paying Unit fails to comply with the terms of this Sub-Adoption Agreement. The Plan Sponsor shall provide a minimum of three months’ written notice to the Salary-Paying Unit of the intent to terminate, and the Salary-Paying Unit shall have the right to correct such noncompliance and continue participation in the Plan if the correction process is completed during the 60-day period following the Plan Sponsor’s notice of termination to the Salary-Paying Unit. In any such event, the Salary-Paying Unit shall continue to be liable for any unpaid invoiced amounts.
- 4.f) This Sub-Adoption Agreement will automatically terminate upon the termination or expiration of the Plan Sponsor’s HealthFlex Plan Sponsor Adoption Agreement.

In witness thereof, the undersigned have caused this Sub-Adoption Agreement to be executed as of the date indicated below:

Plan Sponsor:

By _____ Date _____

Title _____

By _____ Date _____

Title _____

Salary-Paying Unit:

By _____ Date _____

Title _____

By _____ Date _____

Title _____