

## Administrative Rule #903 – Vesting

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### BOARD OF PENSIONS ADMINISTRATIVE RULES

<b>Section</b>	9 (Pension Credits)	<b>Subject:</b>	Vesting
<b>Rule Number:</b>	904		
<b>Reference:</b>	Article II,		
Section	2.1 (pp)		
	Article III,		
Section	3.1		
	Article 5,		
Section	5.1, 5.2 and		
5.3	Article VI,		
Section	6.4		
Administrative	Rule 105, 117		
		<b>Resource:</b>	Pension Benefits
		<b>Original Date:</b>	10/92
		<b>Revision Dates:</b>	6/95, 4/97, 3/98, 8/02, 4/05, 8/11

### Vesting Rules

Vesting refers to a member's non-forfeitable right to receive a retirement pension or for his/her survivor to receive a survivor's pension from the Pension Plan.

For members enrolled for Pension Plan coverage and whose dues are paid on a current basis by the employer, pension credits accrue for each Plan Year or part thereof during which the member is enrolled in the Plan. Those pension credits vest **at the earliest of:**

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- 1) the member's completion of 3 years of service;
- 2) the member's reaching normal retirement age under the Plan (age 65), or
- 3) the employer's termination of participation in the Pension Plan for the member's employment classification.

### **Year of Service**

A Year of Service for Benefits Plan includes all employment in eligible service and years in seminary under the care of a presbytery, provided that the member becomes ordained and commences service in a validated ministry of the Presbyterian Church.

A Year of Service is a period of 12 months, but the months need not be consecutive to count toward vesting. All church service of 20 hours per week or more counts towards vesting whether or not the Member was enrolled in the Plan while employed in eligible service. For purposes of vesting, pension enrollment under Transitional Participation coverage (formerly known as the unemployed status) counts as an eligible service. However, only those members enrolled for pension coverage at termination of eligible service may continue pension coverage enrollment on the Transitional Participation status.

### **Minister Members**

Seminary students who have graduated, and enter the Plan as ordained ministers in a validated ministry of the Church are credited with three years of service for purposes of the vesting rules. For this reason, a minister member's pension credits vest immediately when that minister member begins pension participation.

### **Lay Members**

A lay member must complete 3 years of eligible service before his/her pension credits are vested.

For example, an employee who began eligible service 1/1/95 and entered the Plan (full participation) on 1/1/97 will be vested on 1/1/98.

A lay employee who began eligible church service 1/1/95 and entered the Plan with limited participation (medical, death, and disability only) on the same date will be immediately vested if enrolled in the pension provisions on 1/1/98.

### **Non-Vested Pension Credits**

A member who terminates plan participation prior to satisfying the vesting requirements permanently forfeits all non-vested credits if the member does not resume eligible church service prior to the gap-in-service period. Upon reentry to the Plan, the pension credits previously forfeited will not be restored. However, the member's years of church service both

**Comment [H1]:** Need to revise to reflect rule 117. Credits aren't forfeited until 3 months after the termination.

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in and out of the Plan will count toward the 3-year vesting requirement for any pension credits earned after his or her reentry into the Plan's pension provisions. (See Administrative Rule 105 for Lay Employee Participation guidelines.)