

**The Catholic Diocese of Evansville
Retirement Income Plan**

**Summary Plan Description
September 1, 2008**

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Introduction

Like so many other important events in life, retirement has a way of getting here sooner than we expect. That's why it's never too early to start planning for your retirement years.

Where will the money come from to support a secure retirement? Social Security, designed to provide for the basic necessities of life, will be one source of income. Both you and your employer contribute to Social Security during your working years. Contact your local Social Security Office early in your retirement planning process for specific information on your benefit. Another major source will be your own savings -- money that you set aside specifically for retirement in vehicles such as bank accounts, individual retirement accounts, and savings bonds.

We're pleased to tell you that a third source will be The Catholic Diocese of Evansville Retirement Income Plan (called the "Plan" throughout this booklet). This valuable benefit, funded entirely by The Catholic Diocese of Evansville (called the "Diocese" throughout this booklet), is intended to supplement Social Security and your personal savings in meeting your long term financial objectives.

The Plan is a defined benefit pension plan. This means that your retirement benefit is accrued over the period of your covered employment and that the amount of your retirement benefit is determined by a formula that is defined in the plan document. More information about how your benefits accrue and your retirement benefit formula is provided in this booklet.

Since the Plan Benefits provided by the Plan play a key role in your future financial security, we urge you to read this summarized description of the Plan carefully. This description summarizes the Plan in effect on September 1, 2001, and updates and replaces any prior descriptions. Employees whose employment terminated before September 1, 2008 may be subject to different Plan provisions.

Please remember, however, that this summarized information is only an overview of the Plan's important provisions. Full details can be found in the legal Plan document which is available for your review in the Office of the Treasurer, The Catholic Diocese of Evansville, The Catholic Center, 4200 N. Kentucky, P.O. Box 4169, Evansville, IN 47724-0169 during regular business hours. You should consult the Plan document itself if you have any questions about the Plan or your Plan Benefits that are not answered by this booklet.

If you would like your own copy of the Plan document, you may obtain one by writing to the Plan Administrator whose location is listed in this booklet's section entitled "*Getting Your Questions Answered*". There will be a small charge for this service.

Let's begin with a brief overview of the Plan's key features.

Plan Highlights

Who is Covered

You are covered under the Plan if you are classified by the Diocese as a full-time lay employee or a permanent deacon employed full-time who has worked and received compensation from the Diocese for 1,000 or more hours a year. The Plan does not cover ordained priests or vowed men and women religious.

However, you will not actually participate under the Plan and earn Plan benefits until you also meet the 5-year eligibility requirement described in the upcoming section *When and How You Become a Participant*.

The Value Of Your Plan Benefit

The Plan Benefit you'll receive from the Plan is based upon:

- Your length of Credited Service with the Diocese.
- Your Earnings and salary history with the Diocese.
- Your age when Plan Benefit payments begin.

When You Can Retire

- Normal Retirement Date: the later of the day you attain age 65 or the date you complete five years of Service.
- Early Retirement Date: as soon as you reach age 60 and have completed five years of Service.
- Late Retirement Date: generally, any time after your Normal Retirement Date.

When You're Vested

- 100% vesting after five years of Service. There is no partial vesting.

Plan Benefit Payment Options

The Plan offers you a choice of different forms of payment to meet your needs and those of your Beneficiaries:

- Single Life Annuity
- Joint and Survivor Annuity
- Single Sum Payment

Survivor Plan Benefits

In addition to those payment options which provide a survivor with Plan Benefits in the event of your death after your Annuity Starting Date, the Plan offers a Preretirement Death Benefit if you die before your Annuity Starting Date and:

- you are either married, or
- you are a single or widowed parent with a dependent child under 23 years of age.

Having touched on some of the Plan's most important features, let's now review what the requirements are to participate in the Plan.

When And How You Become A Participant

If you are not already a Participant, you will become a Participant as of the first day of the month coinciding with or immediately following the date you satisfy the following requirements:

- you are classified by the Diocese as a full-time lay employee who has worked and received compensation from the Diocese for 1,000 or more hours a year.
- you complete five years of Service.

You will receive credit for a year of Service for each 12-month period beginning each September 1 during which you work at least 1,000 hours. In order to account for partial years of Service, you are not required to work the full 12 months in order to receive credit for a given year of Service toward your participation requirements, as long as you complete 1,000 hours.

EXAMPLE: Suppose you were hired by the Diocese on April 1, 2001. If you work 1,000 hours between April 1 and August 31 in 2001 to earn your first year of Service, you will become a Participant upon the completion of your fifth year of Service on September 1, 2005. If you fail to work 1,000 hours during the period between April 1, 2001 and August 31, 2001, you won't become a Participant until September 1, 2006.

Once you are a participating member of the Plan, you need to understand the basics of how your benefit is calculated.

The Factors That Determine Your Plan Benefit

The amount of Plan Benefit you will receive from the Plan depends on several key factors:

- Your Service and Credited Service, both of which are based on your length of employment with the Diocese.
- Your Earnings and salary history while employed by the Diocese.
- Your age when retirement payments begin.
- Certain legal limitations and requirements.

Before we discuss how your Plan Benefit is calculated, it's essential that we clearly define each of these key factors.

Your Service

The term Service, as it's discussed in this booklet, refers to the portion of your employment with The Catholic Diocese of Evansville that is used to determine your *eligibility* to receive a benefit from the Plan. Because a Plan change to the method of counting your Service was adopted effective September 1, 2000, if you were a Participant before that date your Service will be determined by two separate methods, as follows:

- Service *before September 1, 2000* is based on a simple count of whole years and completed months.
- Service *on and after September 1, 2000* is based on a count of whole years only. You must work *at least* 1,000 hours during a Plan Year to earn one year of Service. Otherwise, you will not receive Service credit during that Plan Year. A Plan Year is defined as a 12-month period beginning on September 1 each year and ending on the following August 31.

Under the Plan, you will be eligible to receive a benefit once you have earned 5 years of Service. In most cases, you cannot actually *collect* the benefit you have earned until you retire, but with your 5 years of Service, you will have achieved the important step of becoming *entitled* to that benefit. This is the concept of *vesting*. To be vested under the Plan simply means that you have earned a non-forfeitable right to your benefit.

It's equally important to understand the consequences of working *less than* 1,000 hours during a Plan Year, and possibly delaying your eligibility to eventually receive your Plan benefit. Now, depending on the hours worked, there will be one of two possible outcomes of working less than the requisite 1,000 hours:

- If you work at least 501 hours but less than 1,000 during a Plan Year, it does not count as a year of Service.
- However, if you work 500 hours or less in any Plan Year, that year is considered an interruption in your Service and is called a Break in Service. Breaks-In-Service can impact previously earned Service if you terminate employment with the Diocese and later return to active employment. This is a very important consideration that deserves a closer look as we examine factors that can impact your Plan benefit.

What Happens To Your Service If You Terminate Employment And Are Rehired?

The answer to this question depends on whether you were vested before you left:

- If you leave employment before you are vested (i.e., before you have five years of Service) and are later rehired, the Service earned before you terminated employment will continue to count unless you incurred five or more consecutive one-year Breaks-In-Service.
- If you leave employment after you are vested (i.e. after five years of Service) and are later rehired, there is no issue of concern since you are already vested.

EXAMPLE: Suppose you were hired by the Diocese on March 1, 1995. You worked continuously until July 1, 1999, at which time you terminated employment. Under the Service rules in place before September 1, 2000, you had 4 years and 4 months of Service at the time you terminated, so you were not yet vested. Also, because you did not work for the Diocese during the year that followed your termination of employment, you incurred a Break in Service that year.

After a period of 14 months, suppose you are reemployed by the Diocese on September 1, 2000. You begin to accrue Service in the Plan immediately. Under the new rules, Service is now counted based on a minimum of 1,000 hours worked each Plan Year, which runs from September 1 through August 31. You will earn the fifth year of Service you need to be vested as soon as you complete 1,000 hours of Service during the 2000-01 Plan Year.

The Break in Service rules state that, in the event of a Break in Service, you have a minimum of a 5-year grace-period before you lose any previously earned, non-vested Service. As long as you return to work for the Diocese before you have incurred 5 consecutive one-year breaks-in-service, your pre-break Service can be added to your post-break Service. Remember, a Break-in-Service is any Plan Year (a September 1 to August 31 period) in which you earn less than 501 hours of service.

- EXAMPLE:**
- 1) Suppose you leave employment with 4 years of Service and return after a continuous five year Break-In-Service (5 Plan Years in which you earned no service). Since you were not vested when you left and you then incurred five consecutive one year Breaks-In-Service, your prior years of Service would no longer count for vesting purposes. However, if you incurred four consecutive one year Breaks-in-Service, the 4 years you previously earned would be added to any Service earned after your rehire date.
 - 2) Suppose you leave employment with 5 years of Service (i.e., you are vested) and are rehired after a continuous six year Break-In-Service. Since you were already vested when you terminated, the years of Service earned before you left would be added to the years of Service you would continue to earn as a rehired employee of the Diocese.

Once you are vested, Breaks-in Service cannot impact your vesting status. If you terminate employment with a vested benefit and are rehired even many years later, you will still be entitled to your previously earned vested benefit. When you again terminate employment or retire, your total Plan benefit will actually be made up of the two pieces you earned during the two separate periods of your employment with the Diocese.

Many times during the course of your employment with the Diocese, however, there may be periods during which you're not actively employed, but which are still counted toward your vesting. Let's take a look at these special exceptions.

Absences That Qualify As Service For Vesting Purposes

The following absences may still be counted as Service for purposes of determining your vested interest:

- An authorized leave of absence, for sufficient reason and approved by the Plan Administrator, of up to 24 months, as long as you return to active employment when your leave is over. If you don't return to active employment for at least 501 hours during the 12-month period following your return to employment, you will not receive Service for the leave time.
- Absence because of events such as sickness, layoff, etc. If you don't return to employment for at least 501 hours during the 12-month period following your return to employment following such an absence, you will not receive Service for the particular period of absence.
- Absence because of active duty with the Armed Forces of the United States, as long as you are eligible for reemployment rights under Federal law and you apply for active employment within 90 days after you are eligible for release from active duty.
- Absence because of disability for a period of 24 months, provided that if you cease to be disabled before your Normal Retirement Date, you return to active employment when recalled. Otherwise, you will not receive Service credit for the period of your disability.
- A leave of absence due to reasons covered under the Family and Medical Leave Act. In this case, Service will be credited to the extent required by the Act.

Now that we have addressed the concept of how *Vesting* Service is determined from your years of employment, we need to next consider *Credited* Service, or benefit accrual Service. Although in both cases we're talking about your employment years with the Diocese, under the Plan rules, each type of service is a distinct, although overlapping subset, where slightly different rules apply. Let's take a look.

Your Credited Service

Credited Service is usually defined as the portion of your employment with the Diocese that is used in calculating the amount of your Plan Benefit. The amount of your Credited Service may differ from your Service.

How You Earn Credited Service

Because a Plan change to the method of counting your Credited Service was adopted effective September 1, 2000, if you were a Participant before that date your Service will be determined by two separate methods, as follows:

- Service *before September 1, 2000* is based on a simple count of whole years and completed months.
- Service *on and after September 1, 2000* is based on a count of whole years only. You must work *at least* 1,000 hours during a Plan Year to earn one year of Credited Service. Otherwise, you will not receive Service credit during that Plan Year. Even if you only work six months during a Plan Year, you will still earn a full year of Credited Service as long as you worked 1,000 hours during that Plan Year. A Plan Year is defined as a 12-month period beginning on September 1 each year and ending on the following August 31.

However, in the Plan Year in which you are hired or rehired, as well as in the Plan Year in which you terminate, if you do not have 1,000 hours, you will receive 1/12th of a year of Credited Service for each full month of employment during which you had at least 83 hours.

EXAMPLE: Suppose you are hired on June 1, 2001 and you terminate employment on December 15, 2006. Your Credited Service is based on hours worked during each Plan Year as follows:

06/01/01 to 09/01/01 = 3/12 of a year (assumes 83 hours each month)
09/01/01 to 08/31/06 = five years (assumes at least 1000 hours per year)
09/01/06 to 12/15/06 = 3/12 of a year (assumes 83 hours each month)

Therefore, your total years of Credited Service would be 5 years and 6 months.

Credited Service includes all periods of employment except periods of employment while you are in a job classification that is not covered by the Plan.

Since your Credited Service includes all of your eligible Service, all periods of absence which are covered for purposes of your vesting will also count for benefit accrual purposes.

What Happens To Your Credited Service If You Terminate Employment And Are Rehired?

If you leave employment with the Diocese and are later rehired, your Credited Service will generally be treated in a similar manner as your Service -- that is, whether your previously earned Credited Service will continue to count for Plan Benefit calculation purposes depends on whether you were vested when you terminated employment. However, unlike your years of Service, if you were vested and you received a single sum cash payment of your full vested Plan benefit at the time your employment terminated, the years of Credited Service you earned before you left employment will not be counted. Thus, you will be considered a new employee in terms of accruing future Credited Service.

- EXAMPLE:**
- 1) Suppose you leave employment with 4 years of Credited Service and return after a continuous five year Break-In-Service (5 Plan Years in which you earned no service). Since you were not vested when you left and you then incurred five consecutive one year Breaks-In-Service, you would lose your prior years of Credited Service. However, if you incurred four consecutive one year Breaks-in-Service, the 4 years you previously earned would be added to any Credited Service earned after your rehire date.
 - 2) Suppose you are vested when you leave employment and are rehired after a continuous six year Break-In-Service. Since you were already vested when you terminated, the years of Credited Service earned before you left would be added to the years of Credited Service you would continue to earn as a rehired employee of the Diocese. However, if you received a single sum payment, you would not retain your prior Credited Service.

Your Earnings

Your Earnings

Earnings are the next important component to consider in determining your accrued benefit under the Plan. Earnings are measured over *calendar years*, and are your wages as reported to you for federal income tax purposes on your Form W-2. Earnings also include any contributions you make on a pre-tax basis towards:

- Payment of medical insurance premiums.
- Payment of life insurance.
- Participation in a 403(b) or 401(k) retirement plan.

Your Average Annual Earnings

The Earnings actually used in deriving your Plan benefit are those used in calculating what is termed your Average Annual Earnings. Your Average Annual Earnings are your highest annual average Earnings received during *any* five calendar years during the *last ten* consecutive calendar years before your termination of employment with the Diocese.

If you have received Earnings for five or fewer consecutive full calendar years, the annual average is taken by using the calendar years that are available.

Note that your Average Annual Earnings may be affected negatively if you change from a full-time to a part-time status.

EXAMPLE: Assume you work full-time for 5 years and then work part-time for 6 years prior to your Retirement Date. Your Average Annual Earnings would be determined by looking at the 10 consecutive year period prior to your Normal Retirement Date, as follows:

Year of Employment	Hours Worked (Full-time = 2000 hours)	Salary (assumed)
11 th year	1,200 hours	\$21,000
10 th year	1,200 hours	\$20,900
9 th year	1,200 hours	\$20,800
8 th year	1,200 hours	\$20,700
7 th year	1,200 hours	\$20,600
6 th year	1,200 hours	\$20,500
5 th year	2000 hours	\$35,000
4 th year	2000 hours	\$34,000
3 rd year	2000 hours	\$33,000
2 nd year	2000 hours	\$32,000
1 st year	2000 hours	\$31,000

Since only the 10 years preceding your Retirement Date can be counted, years 2 through 11 will be used to determine which five are the highest. In this example, years 2, 3, 4, 5 and 11 are the highest with an average of \$31,000. Therefore, the example shows that switching to a part-time status results in a lower average if you do not have 5 full-time years in the 10 year period preceding your Retirement Date.

Your Age At Which Payments Begin

The next factor governing the amount of your Plan benefit is the actual age at which you choose to begin receiving your Plan Benefit. Obviously, the age at which you choose to retire and begin receiving your Plan Benefit affects the amount of Service and Credited Service you earn and the period of time over which your Plan benefit will be paid. Generally, your benefit is determined as an amount payable at your Normal Retirement Date, but you may choose to retire either earlier or later than that. In either case, the amount of your benefit will be adjusted accordingly, as discussed in upcoming sections of this summary. First, let's see how your Plan Benefit is calculated at your Normal Retirement Date.

How Your Plan Benefit Is Calculated At Normal Retirement

If you retire on your Normal Retirement Date as defined in the Introduction, your Plan Benefit payments will begin on the first day of the month, which coincides with or follows that date. The benefit formula multiplier was increased from 1% to 1.125% effective as of September 1, 2008 and applies to participants who have an hour of service on or after that date. Thus, the annual Normal Retirement Benefit if you terminate from active employment on or after September 1, 2008 is calculated as follows:

1.125% of your Average Annual Earnings, multiplied by your years of Credited Service.

EXAMPLE: Suppose you retire on your Normal Retirement Date with 20 years of Credited Service. Let's assume your Average Annual Earnings are \$35,000.

$$\begin{aligned} 1.125 \% \times \$35,000 &= \$393.75 \\ \$393.75 \times 20 \text{ years} &= \$7,875 \end{aligned}$$

Thus, in this illustration, your annual Normal Retirement Benefit is \$7,875.

Early Retirement

You may retire before your Normal Retirement Date if you have reached age 60 and have completed at least five years of Service. Thus, your Early Retirement Date can be any date after your 60th birthday and before your Normal Retirement Date, as long as you have at least five years of Service. As long as you remain an employee you cannot collect a benefit prior to your Normal Retirement Date.

Your Early Retirement Benefit payments may begin as early as the first day of the month coinciding with or following the month you actually cease employment, but no later than your Normal Retirement Date.

The Early Retirement Benefit calculation is basically the same as the Normal Retirement Benefit calculation, but includes adjustments made by an Early Commencement Factor, based on the age at which you start to receive benefit payments. Your monthly Plan Benefit is reduced by 1/180th for each month that your Annuity Starting Date precedes your Normal Retirement Date, in order to account for the additional years during which you'll receive payments. As an example, if you

retire five years early (60 months), your Early Commencement Factor would be calculated as follows:

$$\begin{array}{rcl} 1/180 & \times & 60 \text{ months} = .33 \text{ (reduction in pension benefit)} \\ 1.00 & - & .33 = .67 \text{ (remaining benefit)} \end{array}$$

Thus, in this illustration, your Early Retirement Benefit would be 67% of your Normal Retirement Benefit.

EXAMPLE: Suppose you retire on your Early Retirement Date with 15 years of Credited Service, instead of the 20 years we assumed in a Normal Retirement scenario. We'll again assume your Average Annual Earnings are \$35,000.

$$\begin{array}{rcl} 1.125 \% \times \$35,000 & = & \$393.75 \\ \$393.75 \times 15 \text{ years} & = & \$5,906.25 \text{ (unadjusted annual pension benefit)} \end{array}$$

Applying the Early Commencement Factor we arrived at above adjusts your benefit as follows:

$$\$5,906.25 \times 67\% = \$3,957.19 \text{ (annual pension benefit at early retirement ó age 60)}$$

Thus in this example, you see the dual impact of retiring early: the size of your Plan benefit is smaller because you work fewer years, and then it's reduced because you elect to commence benefit payments earlier than your Normal Retirement Date.

Late Retirement

Now let's consider the consequences of continuing to work *after* your Normal Retirement Date. If you continue to work after your Normal Retirement Date, you may elect to begin receiving your Plan Benefit at any time after your Normal Retirement Date even if you remain employed. Because your benefits under the Plan must continue to accrue as long as you are employed, when you actually do retire your Plan Benefit will be recalculated.

Your Late Retirement Benefit calculation will be based on your Credited Service and Average Annual Earnings as of the earlier of the date you elect to commence receiving payments or the date you cease employment. Or, the Plan calls for the use of a Late Retirement Commencement Factor (1/2% per month for each month beyond your Normal Retirement Date that you choose to defer your commencement of benefits), in order to recognize the increased value of your pension benefits that you'll be receiving over a fewer number of retirement years. Therefore, the calculation of your Late Retirement Benefit actually involves a comparison between two amounts, of which you will receive the greater, as follows:

1. Your Late Retirement Benefit, based on your Credited Service and Average Annual Earnings to the date you elect to commence receiving benefit payments or actually retire, or
2. Your Normal Retirement Benefit calculated using only your Credited Service and Average Annual Earnings as of your Normal Retirement Date, increased by the Late Retirement Commencement Factor to the date you elect to commence receiving benefit payments or actually retire.

Below are four examples. The first example assumes you remain employed until age 70 and do not elect to collect your Plan benefit while still employed. The second example assumes you remain employed until age 70 but elect to commence receiving your Plan benefit at age 66. The third example assumes you elect to collect your Plan benefit on your Normal Retirement Date but elect to remain employed on a part-time basis until age 72. The fourth example also assumes you elect to collect your Plan benefit on your Normal Retirement Date but elect to remain employed on a part-time basis for ten years until age 75.

EXAMPLE 1: Suppose you retire on your Late Retirement Date with 25 years of Credited Service, instead of the 20 years we assumed in a Normal Retirement scenario. We'll again assume your Average Annual Earnings are \$35,000 for consistency sake, so the impact of the late retirement event is more evident. Lastly, let's assume your Normal Retirement Date was 65, but that you have worked 5 additional years and are now age 70.

The first part of the two-step calculation is as follows:

$$\begin{aligned} 1.125 \% \times \$35,000 &= \$393.75 \\ \$393.75 \times 25 \text{ years} &= \$9,843.75 \text{ (annual pension benefit)} \end{aligned}$$

The second part of the calculation is as follows:

$$\begin{aligned} 1.125 \% \times \$35,000 &= \$393.75 \\ \$393.75 \times 20 \text{ years} &= \$7,875 \text{ (remember, here we're only counting your} \\ &\text{Credited Service to your } \textit{Normal Retirement} \\ &\text{Date)} \end{aligned}$$

Calculating the Late Commencement Factor (1/2% times 60 months, or 30%), we arrive at an adjustment to your benefit as follows:

$$\$7,875 \times 130\% = \$10,237.50 \text{ (annual pension benefit)}$$

Since the second part of the calculation produces a higher amount, in this example you would receive \$10,237.50 per year at your Late Retirement Date.

Thus in this example, you see the factors involved in retiring late: the size of your Plan benefit is always greater because you work more years, and then the special two-step calculation may increase the benefit to a level beyond what would have been provided by the simple extended accrual illustrated through the first part of the calculation. If your Average Annual Earnings had also increased, this would introduce another factor that would have to be considered in the two-step comparative calculation.

EXAMPLE 2: Suppose you remain employed beyond your Normal Retirement Date of age 65 but you elect to begin receiving your monthly benefit at age 66, while remaining employed. Assume you have 21 years of Credited Service at age 66 and your Average Annual Earnings are \$35,000. And, finally, assume you actually terminate employment and retire at age 70.

The first part of the two-step calculation is as follows:

$$1.125 \% \times \$35,000 = \$393.75$$

$$\$393.75 \times 21 \text{ years} = \$8,268.75 \text{ (annual pension benefit)}$$

The second part of the calculation is as follows:

$$1.125 \% \times \$35,000 = \$393.75$$

$$\$393.75 \times 20 \text{ years} = \$7,875 \text{ (remember, here we're only counting your Credited Service to your Normal Retirement Date)}$$

Calculating the Late Commencement Factor (1/2% times 12 months, or 6%), we arrive at an adjustment to your benefit as follows:

$$\$7,875 \times 106\% = \$8,347.50 \text{ (annual pension benefit)}$$

Since the second part of the calculation produces a higher amount, in this example you would receive \$8,347.50 per year at age 66.

When you actually retire at age 70, your benefit would be recalculated to take into consideration the Credited Service you earned after age 66. However, since you were already receiving your Plan benefits, the late retirement factor would no longer apply and your benefit would be calculated based on only the first part of the two-step calculation, as follows. Let's assume your Average Annual Earnings are still \$35,000 and you now have 25 years of Credited Service:

$$1.125 \% \times \$35,000 = \$393.75$$

$$\$393.75 \times 25 \text{ years} = \$9,843.75 \text{ (annual pension benefit)}$$

Your annual Plan benefit will increase from \$8,347.50 to \$9,843.75 when you actually retire at age 70. If your Average Annual Earnings had also increased, your Plan benefit would be even higher.

EXAMPLE 3: Now let's assume that you elect to receive your Plan benefit on your Normal Retirement Date with 20 years of Credited Service, but choose to work part-time until age 72. Only the first part of the two-step calculation applies since you are electing to collect your benefit at Normal Retirement Date (no late retirement factor is applied). During your part-time years, you must work at least 1,000 hours each year to earn Credited Service and accrue additional benefits. Let's assume your full-time salary is \$35,000, your Average Annual Earnings at Normal Retirement Date are also \$35,000 and your part-time earnings are \$17,500. The benefit you will receive at Normal Retirement Date is:

$$1.125 \% \times \$35,000 = \$393.75$$

$$\$393.75 \times 20 \text{ years} = \$7,875 \text{ (annual pension benefit)}$$

When you actually cease employment and retire at age 72, your benefit is recalculated to reflect additional accruals, if any. Your Average Annual Earnings are re-determined to reflect the high five in the last ten, as follows:

Age During Year of Employment	Salary
62 to 63	\$35,000

63 to 64	\$35,000
64 to 65	\$35,000
65 to 66	\$17,500
66 to 67	\$17,500
67 to 68	\$17,500
68 to 69	\$17,500
69 to 70	\$17,500
70 to 71	\$17,500
71 to 72	\$17,500

The average of the high 5 out of the last 10 years of earnings is \$28,000, therefore, the calculation of additional benefits at age 72 is as follows:

$$\begin{aligned}
 1.125\% \times \$28,000 &= \$315 \\
 \$315 \times 27 \text{ years} &= \$8,505 \text{ (annual pension benefit)}
 \end{aligned}$$

Your benefit will be increased from \$7,875 at your Normal Retirement Date to \$8,505 at age 72. However, if you had remained employed full-time at the \$35,000 rate, your benefit would have increased to \$10,631.25. Therefore, working part-time has a significant impact on additional benefit accruals.

The next example shows that part-time service may even prevent any additional accruals.

EXAMPLE 4: Let's assume that you elect to receive your Plan benefit on your Normal Retirement Date with 20 years of Credited Service, but choose to work part-time until age 75. Only the first part of the two-step calculation applies since you are electing to collect your benefit at Normal Retirement Date (no late retirement factor is applied). During your part-time years, you must work at least 1,000 hours each year to earn Credited Service and accrue additional benefits. Let's assume your full-time salary is \$35,000, your Average Annual Earnings at Normal Retirement Date are also \$35,000 and your part-time earnings are \$17,500. The benefit you will receive at Normal Retirement Date is:

$$\begin{aligned}
 1.125\% \times \$35,000 &= \$393.75 \\
 \$393.75 \times 20 \text{ years} &= \$7,875 \text{ (annual pension benefit)}
 \end{aligned}$$

When you actually cease employment and retire at age 75, your benefit is recalculated to reflect additional accruals, if any. Your Average Annual Earnings are re-determined to reflect the high five in the last ten, as follows:

Age During Year of Employment	Salary
65 to 66	\$17,500
66 to 67	\$17,500
67 to 68	\$17,500
68 to 69	\$17,500
69 to 70	\$17,500
70 to 71	\$17,500
71 to 72	\$17,500
72 to 73	\$17,500

73 to 74	\$17,500
74 to 75	\$17,500

The average of the high 5 out of the last 10 years of earnings is \$17,500, therefore, the calculation of benefits at age 75 is as follows:

$$\begin{aligned}
 1.125\% \times \$17,500 &= \$196.88 \\
 \$196.88 \times 30 \text{ years} &= \$5,906.40 \text{ (annual pension benefit)}
 \end{aligned}$$

Due to your part-time status, your benefit will not be increased since the recalculation at age 75 is only \$5,906.40 compared to the \$7,875 that you began receiving on your Normal Retirement Date. If you had remained employed full-time at the \$35,000 rate, your benefit would have increased to \$11,812.50.

The next topic we need to consider is your termination of employment, because there are special considerations regarding possible distribution of your Plan Benefit you need to be aware of that are different from Normal, Early or Late Retirement situations.

When You Terminate Employment

The Plan also provides a retirement benefit if you terminate employment with the Diocese before you are eligible to retire, provided you have at least five years of Service and are therefore vested. In this case, you will later elect to begin receiving your retirement benefit payments on your Normal Retirement Date, or choose an Early Retirement Date and begin receiving payments as early as the first day of the month coinciding with or following the day you reach age 60. If you do elect to take an early benefit, your vested Plan benefit will be adjusted by an Early Commencement Factor (see the information under the heading "*Early Retirement*").

Single Sum Cash Payment

If the value of your Plan benefit is \$5,000 or less when you terminate employment, it will be paid out in a Single Sum Cash Payment upon application, and you will not be required to wait until your Normal or Early Retirement Date for a full distribution of your Plan Benefit. On the other hand, if the value of your Plan benefit is greater than \$5,000, payment of your vested Plan Benefit will be *deferred to your Normal or Early Retirement Date*, either in the form of monthly payments, or as a Single Sum Cash Payment. The latter is distinguished from the "small benefit" cash payment of amounts of \$5,000 or less because it is considered a retirement option.

If you receive your vested Plan Benefit in a single sum cash payment, whether as a "small benefit" cash distribution at termination of employment, or as an elected option at retirement, you cannot elect another form of payment. Please refer to the section "*Direct Rollover Distributions*" for important information regarding single sum cash payments.

If You Are Rehired

If you receive a single sum cash payment of the full value of your vested Plan Benefit when your employment terminates and you are later rehired by the Diocese, you will retain your previously earned Service, and be 100 percent vested, *but will lose your previously earned Credited Service*. Thus, you will be considered a new employee in terms of accruing Credited Service.

Tax Treatment

If you terminate employment before your Early Retirement Date and receive a single sum cash payment of your Plan benefit, your Plan benefit may be subject to both ordinary income tax and a 10% additional tax. However, the 10% additional tax will generally not apply to taxable Plan benefit payments that are:

- Made after you reach age 59 1/2; or
- Made to your Beneficiary when you die; or
- Used to pay unreimbursed medical expenses for you or your dependent in excess of 7.5% of your adjusted gross income as reported on your Form 1040 Federal tax return; or
- Made under the terms of a Qualified Domestic Relations Order.

The Plan Administrator will provide you with general information regarding the tax consequences of your distribution, when it is made. However, since tax laws change, you should consult your own tax advisor for more complete, current information regarding your own specific situation. For the most current tax information, pick up a free copy of IRS Publication 575 "Pension and Annuity Income" at your local IRS office.

Direct Rollover Distributions

If you receive your Plan benefit in a single sum cash payment, you may choose to have all or part of such payment rolled over to a qualified defined contribution plan or to an IRA. The portion of your Plan benefit that is directly rolled over will be exempt from the mandatory 20% tax withholding rules that are otherwise applicable to single sum cash payments.

The Plan Administrator will provide you with more detailed information as to how to elect a direct rollover. However, for more information as to the tax consequences related to single sum cash payments that are not directly rolled over to a qualified defined contribution plan or IRA, you should consult your own tax advisor.

Let's now consider the options available to you to receive your Plan benefit at retirement if your benefit is not paid out to you as a single sum payment when you terminate employment.

Forms Of Benefit Payment

If the value of your vested Plan benefit is over \$5,000, distribution of your Plan Benefit at retirement will take the form of either a single sum cash payment, or an Annuity, depending on your election. Whereas electing a full cash settlement will result in a single distribution being made to you on your chosen Retirement Date, an Annuity is very different.

An Annuity is defined as the payment of a benefit in equal installments, usually monthly, *over a period of time*. The amount of these installments is usually based on life expectancy. You may choose among several different Annuity arrangements. Depending on your choice, you can even provide a lifetime monthly income to your Spouse if you die after your Annuity Starting Date.

Let's consider the Annuity choices available to you first, and then we'll consider the single sum payment option.

Normal Form Of Payment

The Annuity form under which your Plan benefit is *normally* paid -- that is, the way it will be paid to you unless you waive it and make another election -- is considered the "normal form of payment" under the Plan. The normal form applicable to you depends on whether you have a Spouse on your Annuity Starting Date (the date on which payments start). For purposes of this Plan, your Spouse is the person to whom you are legally married on your Annuity Starting Date. Your Annuity Starting Date is the first day of the month that coincides with or follows your Retirement Date.

The following chart provides a snap shot of the post-retirement death benefits available:

Forms of Payment at Retirement

*Qualified Joint and Survivor

Marital Status	Form of Payment	Amount	Action Required By Participant
Married	50% Qualified Joint and Survivor Annuity (QJSA)	Reduced monthly payments to you for your life. Upon your death, 50% of the reduced amount you were receiving is payable to your Spouse for his or her life.	None ó Automatic form of payment. However, you may choose 100% or 66 2/3% continuation instead of 50% within the 90 day period preceding your Annuity Starting Date. A higher percentage benefit continuation will result in a greater reduction to your benefit.
Married	Life Annuity	An amount equal to your vested Plan Benefit, reduced for early retirement if applicable, payable to you for your life. No survivor death benefits will be made upon your death.	You must opt out of the automatic 50% QJSA* with your spouse's consent during the 90 day period preceding your Annuity Starting Date, and elect the Life Annuity form of payment.
Married	100%, 50%, or 66 2/3% Non-Spouse Joint & Survivor Annuity	Reduced monthly payments to you for your life. Upon your death, 50% (or 66 2/3% or 100% based on the continuation you elected) of the amount you were receiving is payable to your Beneficiary for his or her life.	You must opt out of the Automatic 50% QJSA*, with your spouse's consent, and elect the Non-Spouse option naming a Beneficiary during the 90 day period preceding your Annuity Starting Date.
Married	Single Sum Payment/Partial Single Sum Payment	Present Value, or Partial Present Value with monthly annuity payments on the form you elect, is paid on your Annuity Starting Date.	You must opt out of the Automatic 50% QJSA*, with your spouse's consent, and elect this option during the 90 day period preceding your Annuity Starting Date.
Unmarried	Life Annuity	No survivor death benefits are payable.	None ó Automatic coverage
Unmarried	100%, 50%, or 66	Reduced monthly payments to	You must elect this option and

	2/3% Non-Spouse Joint & Survivor Annuity	you for your life. Upon your death, 50% (or 66 2/3% or 100% based on the continuation you elected) of the amount you were receiving is payable to your Beneficiary for his or her life.	name a Beneficiary during the 90 day period preceding your Annuity Starting Date.
Unmarried	Single Sum Payment/ Partial Single Sum Payment	Present Value, or Partial Present Value with monthly annuity payments on the form you elect, is paid on your Annuity Starting Date.	You must elect this option during the 90 day period preceding your Annuity Starting Date.

Now let's look at the forms of Annuity in more detail.

Normal Form Of Payment For Married Employees

If you are married, the normal form of payment is a Joint and Survivor Annuity. Through this type of Annuity, your vested Plan benefit is reduced to provide a lifetime income for your Spouse if you die after your Annuity Starting Date. The reduction to provide this survivor benefit to your Spouse is based on actuarial tables, which considers your age and the age of your Spouse.

Under the Joint and Survivor Annuity, your Spouse's benefit after you die will be 50% of your reduced vested Plan benefit. If your Spouse dies before you, you will continue to receive the reduced amount as long as you live.

EXAMPLE: Suppose as we did earlier that you retire on your Normal Retirement Date with 20 years of Credited Service, and that your Average Annual Earnings are \$35,000, and that your form of payment is the 50% Joint and Survivor Annuity and the reduction factor from actuarial tables for a spouse of age 65 is .921. The calculation of your Normal Retirement Benefit would be as follows:

$$\begin{aligned}
 1.125 \% \times \$35,000 &= \$393.75 \\
 \$393.75 \times 20 \text{ years} &= \$7,875 \\
 \$7,875 \times .921 &= \$7,252.88 \\
 \$7,252.88/12 &= \$604.41 \text{ (reduced monthly normal retirement benefit)}
 \end{aligned}$$

Thus, in this illustration, your monthly Normal Retirement Benefit, adjusted for the Joint and Survivor form of payment, is \$604.41. The reduction is based on actuarial tables, which consider the continuing percentage to your spouse as well as both your ages at the time you elect the option. In this example, the reduction factor is 92.1% as determined from the table below assuming you and your Spouse are both age 65. Therefore, you will receive \$604.41 for your life and upon your death, your Spouse will receive 50% of that amount or \$302.21. If your Spouse dies before you, you will continue to receive \$604.41 for the remainder of your life, but no benefits would be payable upon your death.

By the way, instead of the 50% continuation, you may elect to have 100% or 66 2/3% of the reduced Plan Benefit amount you were receiving continued to your Spouse. Choosing one of these higher percentages, of course, would result in an even greater reduction in your own monthly Plan Benefit.

Although the actual tables are too large to include in this summary, we have included a portion of the table below with some representative ages. You must first consider the impact of electing either a 50%, 66-2/3% or 100% continuation on your original \$7,875 annual benefit. Here the general rule is this: *the greater the continuing percentage paid to your Spouse, the greater the reduction in your benefit*. This is because providing a higher percentage continuation is considered providing for a more valuable benefit.

The relative ages of you and your Spouse are also an important factor in determining the ultimate amount of your reduced benefit. If your Spouse is younger than you, the reduction in your benefit will be greater for every year by which your Spouse is younger than you, because you are potentially providing for payments for a greater number of years. Conversely, if your Spouse is older than you, the reduction in your benefit will be less.

The percentages expressed in the table that follows represent the remaining percentage of your base benefit after the adjustment for the Joint and Survivor form of payment. This table assumes that you are age 65.

Age of Spouse	50% Continuation	66-2/3% Continuation	100% Continuation
75	96.0%	94.7%	92.3%
70	94.2%	92.4%	89.1%
65	92.1%	89.7%	85.4%
60	89.8%	86.8%	81.5%
55	87.5%	84.0%	77.8%

More Examples: Suppose you are age 65, and that your Spouse is age 55. Assuming the same Normal Retirement Benefit described above, the multiplier taken from the table is 87.5%, and providing the same 50% level of coverage will reduce the amount of annual benefit you receive during your lifetime to \$6,890.63 of which your Spouse will receive \$3,445.32 annually upon your death (as explained earlier in this section, if your Spouse dies before you, you will continue to receive the reduced amount of \$6,890.63 as long as you live; there is no further adjustment to your benefit should your Spouse predecease you).

Suppose in another example that you are age 65, but your Spouse is age 70. Again, you want to provide for the same 50% level of coverage. In this case, the multiplier taken from the table is 94.2%, indicating that the cost of the coverage is less. In this example, you will receive \$7,418.25 annually, of which your Spouse will receive \$3,709.13 annually upon your death.

What about providing a higher level continuation? As you can see from the table, electing 100% continuation for a Spouse of the same age 65 would mean the amount you receive during your lifetime would be reduced to just 85.4% of the original \$7,875, or \$6,725.25. Of course, upon your death that same amount continues to be paid to your Spouse.

Since each Participant's financial situation and retirement planning is different, only you and your Spouse can decide what option best fits your needs.

Important Note Regarding Early Retirement: please remember, if you are retiring early, any benefit you calculate on an optional form of payment must be *further reduced* in order to account for early commencement. As illustrated in the section entitled "Early Retirement", your unadjusted base benefit is reduced 1/180th for each full calendar month your Early Retirement Date precedes your Normal Retirement Date. As shown in the example calculated in that section,

retiring 5 years early reduces your benefit by 33%, leaving you with just 67% of the amount you would have received at Normal Retirement. In the last example given on Joint and Survivor options, you saw that electing a 100% continuation for a Spouse of the same age would adjust an original \$7,875 down to \$6,725.25. If you were to retire 5 years early and elect the same option, that \$6,725.25 reduced by an Early Commencement Factor of 67% would yield a final adjusted benefit of \$4,505.92, or an amount that is just 57% of the original base benefit.

Although the Joint and Survivor Annuity Form is the "normal form", you do have other choices under the Plan. If you have obtained your Spouse's consent, you may waive the Joint and Survivor Annuity and choose among the other available payment options, descriptions of which follow.

Normal Form Of Payment For Unmarried Employees

If you are not married, your Plan benefit will be paid in the form of a Single Life Annuity -- that is, in level monthly payments to you as long as you live. There would be no reduction to your base benefit amount unless you retired early, but no Survivor Plan Benefits will be paid after your death. You may, however, choose to elect the Non-Spouse Survivor Annuity described in the next section.

Other Payment Options

The Plan also offers additional payment options which may suit your needs better than the form just described. Again, if you are married, you must receive your Spouse's consent to waive the Joint and Survivor Annuity and choose one of these other forms of payment.

Single Life Annuity

If you are married, the Plan permits you to waive the Joint and Survivor Annuity and receive your Plan Benefit in the form of a Single Life Annuity -- that is, in level monthly payments to you as long as you live, based on your monthly Plan Benefit as described in the section titled "How Your Retirement Benefit Is Calculated". Under this form of payment, you will receive a larger Plan Benefit than you would have received under the Joint and Survivor Annuity since there is no adjustment for continuing coverage to a Spouse, but no Survivor Plan Benefits will be paid after your death.

Non-Spouse Joint and Survivor Annuity

The Non-Spouse Joint and Survivor Annuity will provide you with *reduced* monthly payments for life but, at your death after your Annuity Starting Date, payments will continue to a Beneficiary (any person you choose) for as long as that person lives. These payments may be 100%, 66 2/3%, or 50% of your reduced Plan Benefit. Remember, this is a post-retirement option; there are no preretirement death benefits if you die prior to retirement, unless you are unmarried and have a dependent child. See the section *Preretirement Survivor Plan Benefits*.

Just as with the spousal Joint and Survivor Annuity, the reduction to your vested Plan Benefit is based on actuarial tables, which consider your age and the age of your Beneficiary at the time the option is chosen. Since the factors are identical for married and unmarried participants, the examples provided in the section entitled "Normal Form of Payment for Married Participants" would apply equally here. Therefore, given the age spread between you and your Beneficiary and your chosen benefit continuation percentage, the results would be exactly the same.

Single Sum Cash Payment

You may choose to receive a single sum cash payment instead of monthly annuity payments if you have attained age 59 ½ as of September 1, 2007. The amount of this single sum cash payment will be based on your Plan Benefit and assumptions which will reflect current investment and mortality conditions. If you choose this single sum cash payment all other Plan Benefits are canceled.

Because the actual lump sum factors depend upon fluctuating external conditions that are not always easy to predict, such as current interest rates, accurate examples cannot be provided in this summary. When you are planning your retirement, your Plan Administrator can provide you with the current lump sum factor used to determine a single sum payment at retirement.

Partial Single Sum Payment

All Participants may elect to receive a single sum payment equal to 1/3 of the full present value of your Plan Benefit and the remaining 2/3 of your Plan Benefit in one of the annuity forms of payment listed in this OTHER PAYMENT OPTIONS section. The portion of your benefit that is paid in a single sum payment will be determined based on assumptions which reflect current investment and mortality conditions.

Because the actual lump sum factors depend upon fluctuating external conditions that are not always easy to predict, such as current interest rates, accurate examples cannot be provided in this summary. When you are planning your retirement, your Plan Administrator can provide you with the current lump sum factor used to determine a single sum payment at retirement.

Electing Your Form Of Benefit Payment

Timing

The Plan Administrator will give you information about the Joint and Survivor Annuity and your other payment options upon your request, and you may make your election at that time. If you are married and want to waive the Joint and Survivor Annuity, you must have your Spouse's consent and must notify the Plan Administrator in writing during the 90-day period preceding your Annuity Starting Date. Once your payments begin, your election is final and cannot be changed. Some additional timing information specific to Survivor Plan Benefit coverage will be discussed in the next section, "*Survivor Plan Benefits*".

Spousal Consent

If you are married and want to choose a form of payment other than the Joint and Survivor Annuity, your Spouse must consent to your choice in writing, and this written permission must be witnessed by a notary or a representative designated by the Plan Administrator. Your Spouse must consent to both a Beneficiary other than his/herself and the optional form of payment.

Preretirement Survivor Plan Benefits

While the primary purpose of the Plan is to help you maintain a satisfactory standard of living after retirement, it also provides Survivor Plan Benefits under certain circumstances. This section will discuss some of the key factors involved in determining when and to whom benefits will be paid after your death.

As you read through this material, it will be helpful for you to remember that your Annuity Starting Date and Normal Retirement Date are critical turning points in terms of Survivor Plan Benefits:

- If you are married, the death benefit provided to your Spouse by the Preretirement Spouse Benefit coverage (which we'll discuss in a moment) is generally effective up to your Annuity Starting Date, whether you choose Early, Normal or Late Retirement or you terminate employment with a vested Plan Benefit. Once your Annuity Starting Date occurs, the Joint and Survivor Annuity coverage becomes effective. Unless these coverages are waived because you choose to receive an optional form of payment, or eligibility requirements are not met, your Spouse may receive a Survivor Plan Benefit regardless of when you die and whether you are employed or are retired.
- If you remain employed after your Normal Retirement Date, you may elect to waive the Preretirement Spouse Benefit coverage and choose the Non-Spouse Joint and Survivor optional form of payment that provides a different Survivor Plan Benefit. The Survivor Plan Benefit available under the optional form of payment that you elected would be the one payable if you die while still employed.
- If you are unmarried and die before your Annuity Starting Date while still actively employed, a Survivor Plan Benefit is only payable if you are a single or widowed parent with at least one dependent child under 23 years of age. If you remain employed *after your Normal Retirement Date*, you may elect to waive the Life Annuity Normal Form of Payment (which does not provide for a death benefit) and choose the Non-Spouse Joint and Survivor optional form of payment. This form of Annuity provides Survivor Plan Benefit coverage for your Beneficiary if you die while still employed and before your Annuity Starting Date.

The following chart provides a snap shot of the preretirement death benefits available:

Preretirement Death Benefits

*Normal Retirement Date

**Joint and Survivor

Marital Status	Employment Period	Type of Preretirement Death Benefits	Payable To	Action Required By Participant
Married	Up to NRD*	50% Preretirement Spouse Benefit - to take effect if you die prior to retirement. Paid in monthly payments, or single sum if elected by Spouse, on the later of your date of death or your earliest retirement age.	Spouse	None ó Automatic coverage
Married	After NRD	50% Preretirement Spouse	Spouse	None ó Automatic

		Benefit ó to take effect if you die prior to retirement. Paid in monthly payments, or single sum if elected by Spouse, on the 1 st day of the month following your date of death.		coverage
Married	After NRD	50% Non-Spouse Option ó must be elected ó to take effect if you die prior to retirement. Paid in monthly payments on the 1 st day of the month following your date of death.	Beneficiary	If you remain employed after NRD*, you must opt out of the Automatic 50% Pre J&S** coverage at or after NRD* while still employed, with your spouse's consent, and name a Beneficiary at time of election.
Unmarried	Before or after NRD	Single Sum Payment equal to present value of vested benefit. Paid on the 1 st day of the month following your date of death.	Dependent Children under age 23	None ó Automatic coverage
Unmarried	After NRD	50% Non-Spouse Option - to take effect if you die prior to retirement and are age 65 or older.	Beneficiary	If you remain employed after NRD*, you must elect the 50% Non-Spouse J&S** Option at or after NRD while still employed, and name a Beneficiary at time of election. Dependent Child benefit would not be payable.

Because the subject of Survivor Plan Benefits is quite complex, let's now go into it in more detail, beginning with the Preretirement Spouse Benefit coverage available to married participants.

Preretirement Spouse Benefit

If you are married and you die before your Retirement Starting Date, your Spouse may be eligible to receive the Preretirement Spouse Benefit. Similar to the Joint and Survivor Annuity, that provides a benefit to your Spouse if you die *after* your Annuity Starting Date, the Preretirement Spouse Benefit provides financial support to your Spouse if you die *before* your Annuity Starting Date.

Eligibility Criteria For The Preretirement Spouse Benefit

Your Spouse will be eligible to receive the Preretirement Spouse Benefit if all of the following conditions are met:

- You were married at the time of your death.
- You had a Vested Plan Benefit.

- You had not elected to waive Preretirement Spouse Benefit coverage and elected an optional form of payment.
- Your Annuity Starting Date had not occurred.

Amount Of The Preretirement Spouse Benefit

Essentially, your Spouse will receive the same payments he or she would have received under a 50% Joint and Survivor Annuity if you had retired on your date of death under the 50% Joint and Survivor normal form of payment.

As in the case of a Joint and Survivor Annuity, the benefit amount your Spouse receives will be based on the amount you would have received as determined in the section "*How Your Retirement Benefit Is Calculated at Normal Retirement*", adjusted for the Joint and Survivor Annuity form of payment, and further adjusted by the Early Commencement Factor to the date of payment if payments start before Normal Retirement Date.

EXAMPLE: If you were to die at age 60 and you had accrued a monthly benefit of \$500, the benefit payable to your spouse would be reduced by the early retirement factor, the Joint and Survivor (J&S) factor and then by 50%:

$$\begin{array}{r}
 \$500 \quad \text{monthly accrued benefit} \\
 \times 67\% \quad \text{early retirement factor} \\
 \hline
 \$335 \\
 \times .933 \quad \text{J\&S factor assuming you and your spouse are age 60} \\
 \hline
 \$312.56 \\
 \times 50\% \\
 \hline
 \$156.28 \quad \text{payable monthly to your spouse for life}
 \end{array}$$

If you elected a Joint and Survivor Annuity other than the 50% Joint and Survivor Annuity (i.e., either the 100% or 66 2/3% continuation) during the 90-day period before your Annuity Starting Date, but died before your Annuity Starting Date, your Spouse will receive a Preretirement Spouse Benefit under the form of payment you elected.

Timing Of Preretirement Spouse Benefit Payments

Your Spouse may choose to start receiving Preretirement Spouse Benefit payments as early as your earliest retirement age (the earliest possible age you would have been eligible to retire) or, if that date has passed, the first day of the month following your death. He or she may also defer the start of these payments until the first day of the month following the date that would have been your Normal Retirement Date.

If your Spouse does not elect any of the above dates, payments will begin on the first day of the month following the date which would have been your Normal Retirement Date or your date of death, if later.

Alternate Single Sum Payment

Your Spouse may elect to receive a single sum payment equal to the total value of the Preretirement Spouse Benefit payments instead of receiving monthly payments. This election can

be made at any time following the date that would have been your earliest retirement age, and before the month in which Preretirement Spouse Benefit payments would have otherwise begun. Payment of the single sum amount will be made to your Spouse the first of the month after the election is made, and will be in lieu of any other death benefits available under the Plan.

When The Preretirement Spouse Benefit Will NOT Be Paid

Payments under the Preretirement Spouse Benefit **will not** be made if your Spouse dies **before** the date on which he or she chooses to start receiving Preretirement Spouse Benefit payments.

If You Are Unmarried

If you are unmarried and die **before** your Annuity Starting Date, a Survivor Plan Benefit is payable only if you are a vested single or widowed parent with at least one dependent child under 23 years of age. In this case, the benefit is a single sum payment equal to the actuarial value of your vested benefit based on current interest mortality assumptions. It will be payable on the first day of the month following the date of your death.

If you die **after** your Annuity Starting Date and chose a Non-Spouse Joint and Survivor form of annuity, a Survivor Plan Benefit will be payable to your Beneficiary. You must elect this form of payment and designate a Beneficiary during the 90 day period preceding your Annuity Starting Date. See the section *Electing Your Form of Benefit Payment*.

There is no Survivor Plan Benefit payable if you choose either a Single Life Annuity or a Single Sum Cash Payment at the time of your retirement.

Circumstances That May Affect Your Plan Benefit

Here is a summary of some of the more common circumstances which may affect your Plan Benefit, with references to any sections of the booklet, which describe these situations in more depth.

- **Completing fewer than 1,000 hours of service in a Plan Year** means you will not earn one year of Service toward your vesting credit, or one year of Credited Service toward your Plan benefit. See the headings "Your Service" and "Your Credited Service" in the section "*The Factors That Determine Your Plan Benefit*."
- **Completing fewer than 501 hours of service in a Plan Year** means you have a Break-In-Service in that Plan Year. This could affect the amount of your Plan benefit.
- **If you waive the Joint and Survivor Annuity (with spousal consent)** and then die after your Annuity Starting Date, your Spouse will have no right to any portion of your vested Plan Benefit.
- **If you terminate employment before you are vested**, you will not be eligible for a vested Plan Benefit. See the subsection "Single Sum Cash Payment" under "*When You Terminate Employment*."

- **If you elect to have the full value of your vested Plan benefit paid to you in one cash payment on your Retirement Date**, you will receive no further payments.
- **If the value of your vested Plan benefit is \$5,000 or less** you will, upon application, receive a single cash payment of that value at the time you terminate employment. If you receive such a payment, you will not have a right to any further benefit under the Plan unless you are later rehired and earn additional benefits under the Plan. See the heading "*When The Value Of Your Vested Plan Benefit Is \$5,000 Or Less*" for more information.
- **Plan Termination:** If for any reason the Plan should terminate you may lose part of your Plan benefit if it exceeds the available assets of the Plan. See the section "*Continuation Of The Plan*".
- **Domestic Relations Order (DRO):** If you divorce, a court may divert part or all of your benefit to an alternate payee through a Domestic Relations Order. This court order recognizes the right of a spouse, former spouse, or child to part or all of your benefit. While laws generally protect Plan benefits against creditors, DROs are an exception. The Plan Administrator must determine if the order contains all the required information. You may obtain a copy of the procedures that the Plan Administrator follows in making this determination without charge from the Plan Administrator. If you disagree with a determination (or the lack thereof) concerning the qualified status of Domestic Relations Order, you may file suit in a federal court.

Receiving Your Plan Benefit

Applying For Your Benefit

If the Plan Administrator has not informed you that your benefit claim will be handled automatically, you or your Beneficiary will need to complete a benefit claim form available from the Plan Administrator. This form will allow the Plan Administrator to calculate your benefit and begin to process it.

Payment Of Your Benefit

If the value of your vested Plan benefit is more than \$5,000, and your claim is approved, benefit payments will be mailed to you monthly.

If Your Application Is Denied

If your claim is denied, the Plan Administrator will notify you in writing within 90 days after receiving your claim. The notice will state the following:

- The specific reason(s) for denial
- The Plan provisions that support the denial
- Any additional information needed to complete your claim request and an explanation of why it is needed
- Information on how to have the claim denial reviewed.

If you do not receive a retirement payment or notification of denial within the 90-day period, you may assume your claim has been denied and you should request a review of the denial.

Requesting A Review Of The Denial

A written request for a review of the denial must be made within 60 days after the denial date.

If you wish, you (or your representative) may review the Plan document and submit written information supporting your claim to the Plan Administrator or other Fiduciary responsible for reviewing denied claims. Your information must include:

- The date you received notice of denial of your claim and the date your request for review is filed
- The specific part of the claim you want reviewed
- A statement setting forth the basis upon which you think the decision should be reversed
- Any written material that you think is pertinent to your claim and that you want the Plan Administrator to examine.

Within 60 days of your request, the Plan Administrator or Fiduciary will notify you in writing of the final decision. If your claim is denied on review, the notice will state the following:

- The specific reason(s) for the denial
- The Plan provisions that support the denial
- That you are entitled to receive reasonable access to and copies of all documents, records, and other information relevant to your claim for benefits
- Information on any voluntary appeal procedures
- A statement of your right to bring a civil action under ERISA

Time Extensions

Under special circumstances, the 90-day and 60-day notification periods just discussed may be extended. The Plan Administrator will inform you in writing of any extensions before the end of these time periods. The extension notice will state the special circumstances necessitating the delay and the review date by which you may expect a decision. In no event will a 90-day period be extended beyond another 90 days, or a 60-day period be extended beyond another 60 days.

Getting Your Questions Answered

The Plan Administrator is the Treasurer of The Catholic Diocese of Evansville. The Plan Administrator is responsible for administration of the Plan. In addition to administering the Plan, the Plan Administrator is responsible for benefit information and the Plan's adherence to legal requirements. Service of legal process may be made upon the Plan Administrator. The Plan Administrator may be contacted at:

Address: The Catholic Center
 4200 N. Kentucky
 P.O. Box 4169
 Evansville, IN 47724-0169

Phone: (812) 424-5536

Additional Information

- Plan Name: The Catholic Diocese of Evansville Retirement Income Plan
- Effective Date: The Catholic Diocese of Evansville Retirement Income Plan was established on September 1, 1960, and was most recently revised on September 1, 2008.
- Plan Year: The Plan Year is the 12-month period ending on August 31.
- Recordkeeping Period: Records for the Plan are kept on a Plan Year basis.
- Plan Sponsor: The Catholic Diocese of Evansville.
- Plan Number: 001
- Type Of Plan: This is a defined benefit pension plan which provides a fixed retirement benefit to its participants based on specific formulas. Ongoing contributions to provide this benefit to you are made to a fund held by Prudential Retirement Insurance and Annuity Company. The amount of the contribution is actuarially determined.
- Type Of Administration: Contract Administration. Plan assets are held in a group annuity contract issued by Prudential Retirement Insurance and Annuity Company, P.O. Box 2975, Hartford, CT 06104. The Plan Administrator is responsible for administering the contract.
- Trustee: the Diocese has established a pension plan trust that separates its assets from the Diocese's assets. The name of the trust is The Catholic Diocese of Evansville Lay Pension Trust.
- Plan Costs: The Catholic Diocese of Evansville assumes the full cost of your Plan Benefit.

Continuation Of The Plan

While The Catholic Diocese of Evansville fully intends to continue the Plan indefinitely, it does reserve the right to modify, suspend or terminate the Plan at any time. However, no modification, suspension or termination of the Plan may reduce any Plan benefits you have already accrued.

Should the Plan be terminated, you will not earn any additional benefits, but you will be 100% vested in your accrued Plan benefit at the time of the Plan's termination. The assets of the Plan will be applied to fund all accrued Plan benefits and pay all other expenses in connection with the termination, and if any assets remain, they will be refunded to The Catholic Diocese of Evansville.

Benefits are payable only from the assets of the Plan. The Catholic Diocese of Evansville makes contributions periodically, on an actuarially-determined basis, in order to fund Plan benefits. However, it could happen that the assets of the Plan are not sufficient upon termination to pay all benefits. Since this is a non-electing church plan, as defined by the Employee Retirement Income Security Act of 1974 (ERISA), Plan benefits are not insured by the Pension Benefit Guaranty Corporation. Therefore, it could happen in the unlikely event of a plan termination that you would not receive your full Plan benefit. However, to eliminate the risk that the pension plan assets would be encumbered by a possible bankruptcy of the diocese, the diocese created a pension plan trust to provide the utmost protection for the assets of the pension Plan.