

ARCHDIOCESE OF PHILADELPHIA

Lay Employees' Retirement Plan Summary Plan Description

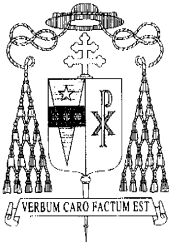


Cover:

The Cathedral Basilica of SS. Peter and Paul
18th Street and the Benjamin Franklin Parkway (opposite Logan Circle),
Philadelphia. Original sketch by Joseph Voelker.

**ARCHDIOCESE OF PHILADELPHIA
LAY EMPLOYEES' RETIREMENT PLAN
SUMMARY PLAN DESCRIPTION**

JANUARY 2011



Archdiocese of Philadelphia
Office of the Cardinal
222 North 17th Street
Philadelphia, PA 19103-1299

January 2011

Dear Friends:

The Lay Employees' Retirement Plan was designed to work with Social Security to help provide career employees of the Archdiocese a secure source of retirement income. This booklet was prepared to provide practical information to retirement plan participants.

I am pleased to offer this revised booklet which incorporates recent plan improvements to provide retirement security to those who provide faithful service to the Archdiocese of Philadelphia. I know that many of you also assist the Church by sharing your talents within your local parish. Please be assured of my prayers for your dedication and zealous service to the Archdiocese.

May the Lord Jesus give you joy and peace in your continued efforts in the service of the Church and reward your faithfulness and support.

Sincerely,

A handwritten signature in black ink that reads "Justin Card. Rigali". The signature is written in a cursive, flowing style.

Cardinal Justin Rigali
Archbishop of Philadelphia

TABLE OF CONTENTS

HIGHLIGHTS OF THE PLAN	1
If You Retired Or Terminated Employment Before January 1, 2011... 1	1
KEY DEFINITIONS.....	2
Average Monthly Pay.....	2
Years Of Service.....	3
ELIGIBILITY.....	7
RETIREMENT BENEFITS.....	8
Normal Retirement	8
Early Retirement.....	11
Late Retirement	12
Disability Retirement.....	13
Hardship Retirement.....	16
HOW RETIREMENT BENEFITS ARE PAID	17
Joint and Survivor Option.....	17
5- Or 10-Year Certain Option.....	18
Termination Of Employment.....	19
If You Return To Work for the Archdiocese After You Retire.....	20
Payment Of Small Monthly Benefit Amounts.....	21
SURVIVING SPOUSE BENEFIT	22
ADMINISTRATIVE INFORMATION	24
How To Apply For Retirement Benefits	24
Service Records	24
Alternate Payment Procedure	25
About Taxes.....	25
About Social Security.....	25
Assignment Of Benefits.....	26
PLAN INFORMATION.....	27
Plan Name.....	27
Plan Administration.....	27
Future of the Plan	27
ABOUT THE LAY EMPLOYEES’ RETIREMENT PLAN.....	29

HIGHLIGHTS OF THE PLAN

The Archdiocese of Philadelphia provides you with the Lay Employees' Retirement Plan as a benefit at no cost to you. The plan is designed to provide you with a lifetime retirement income if you meet the eligibility and service requirements.

Here are several important features:

- Full vesting after five (5) Years of Service
- Normal retirement at age 65 (or after 5 Years of Service, if later)
- Reduced benefits as early as age 55 if you retire when your age and Years of Service add up to at least 75
- Unreduced benefits as early as age 62 if you have at least 30 Years of Service
- Death benefits for your surviving spouse
- Disability benefits if you become totally and permanently disabled after you are at least age 40 and have at least 15 Years of Service
- Retirement benefits if you terminate employment because of an approved hardship and if you are at least age 40 with at least 15 Years of Service

IF YOU RETIRED OR TERMINATED EMPLOYMENT BEFORE JANUARY 1, 2011

This booklet describes the terms of the plan as of the effective date of this booklet (January 1, 2011). If you retired or terminated your employment with the Archdiocese before January 1, 2011, any benefits you may have earned under the plan are governed by the Plan Document in effect at the time of your termination.

KEY DEFINITIONS

Your benefits under the plan depend upon your **Average Monthly Pay** and your **Years of Service**. These terms have special meaning under the plan.

AVERAGE MONTHLY PAY

Your **average monthly pay** is your total earnings from the Archdiocese, as reported on Form W-2 (this amount includes all pre-tax deferrals), averaged over the highest 60 consecutive months in the last 120 months of your service.

If you leave the Archdiocese before your normal retirement date, your average monthly pay will be calculated as if your annual pay in effect on the date you left remained at that rate until your normal retirement date, if that would result in a greater amount than averaging your earnings over the highest 60 consecutive months in the last 120 months of your service.

The following are other factors that could affect your average monthly pay:

- The value of room and board will be included as part of pay at the rate of \$400 per month. If you receive only room or only board, the amount included as pay will be \$200 per month.
- Accumulated and unused vacation pay will be included in average monthly pay. However, unused sick pay is **not** part of average monthly pay.
- When determining your average monthly pay, your pay will be considered to continue at your full-time level if you are:
 - on a paid leave of absence and you are receiving less than full pay; or

- age 55 or over and have at least 25 Years of Service and work on a curtailed schedule with reduced pay.

In both cases, the Trustees must be notified of your work arrangements. Your employer should notify the Pension Plan Administrator.

YEARS OF SERVICE

Generally, your **Years of Service** will be the period between your most recent date of hire and the date you terminate employment with the Archdiocese. If you were hired before age 18, however, service before your 18th birthday will not be counted. (This limitation does not apply to anyone hired before May 24, 1975.)

If You Leave The Archdiocese And Are Rehired

If you leave the Archdiocese and are later rehired, your prior Years of Service will be reinstated if you had at least 5 Years of Service when you left (10 Years of Service if you left the Archdiocese prior to January 1, 2001).

Generally, if you have fewer than 5 Years of Service (are not vested), you stop working for a participating Archdiocesan employer, and return before the one-year anniversary of your absence, you will not incur a break in service, and would be able to keep the service accumulated prior to your termination. If you are an employee under an annual contract, your absence cannot exceed one full contract year to keep your pre-termination accumulated service.

If you have fewer than 5 Years of Service (are not vested), and you do not return to work before the one-year anniversary of your absence, (or, if you are under annual contract, before the expiration of one full contract year), prior service will be lost. The exception is if you left under one of the approved Leaves of Absence as described in this Summary Plan Description.

In some situations, you may be on leave from employment and the absence will not count as a termination of employment. When this is

the case and you return to work, prior service will not be lost. In some of these situations, part or all of the absence may count as service for plan purposes.

The most common leaves—and whether the absence counts as service—are as follows:

Sickness Or Injury

An absence for sickness, injury or mental illness will not be a termination of employment for up to four years unless you fail to return to work immediately upon recovery or unless your employment is otherwise terminated. Medical evidence, satisfactory to the Trustees, must be submitted to support your absence. During this type of leave, you will receive up to one year of service credit under the plan.

Authorized And Family Leaves Of Absence

If you are on an authorized or family (related to the birth, adoption, or foster care placement of a child) leave of absence, and, if it is a non-family leave, you declare in writing your intention to return to employment with the Archdiocese when your leave is over, your absence will not be a termination of employment for up to four years unless you fail to return to work when the leave expires or your employment is otherwise terminated. During this type of leave, you will receive up to one year of service credit under the plan. (If you go on leave of absence under the terms of a collective bargaining agreement, that agreement will govern the terms of the leave and the granting of service credit.)

Military Leave/Participation In The Peace Corps/Approved Lay Apostolate Service

Absence for these reasons will not be a termination of employment if you return to work within the required time periods. These time periods are:

- 90 days after your service is completed for a military leave; or
- one year after termination of your apostolic service or service with the Peace Corps.

Absence for military service will be considered as Years of Service under the plan, as required by law. Service credit will not be given under the plan for Peace Corps or apostolic service, however, unless the absence was directed by the Archdiocese.

Service As A Religious Or Employment With A Nonparticipating Catholic Institution Within The Archdiocese

Some employees may be granted a leave to serve as a religious or to work for a Catholic institution within the Archdiocese that is not a participating employer in the plan. If you are absent for these reasons and if you have declared in writing your intention to return to work with the Archdiocese, it will not be a termination of employment so long as you return to work within one year after the leave expires. No service credit will be given under the plan for absences of this type.

Lay-off

Absence for up to two years due to lay-off will not be a termination of employment (unless employment is otherwise terminated during this period). Generally, service credit will not be given under the plan for this type of absence. However, if the lay-off is the result of the closing of an Archdiocesan institution, up to one year of service credit will be given provided you continue to seek employment with an Archdiocesan institution.

Reduction In Hours

If you or your employer reduces your hours from full-time to part-time status (fewer than 20 hours per week for at least five months per year), this will not be considered a termination of employment. Service as a part-time employee will not be service under the plan; however, service prior to the reduction will be frozen and counted for all plan purposes.

ELIGIBILITY

The plan covers lay employees of the Archdiocese of Philadelphia (and its parishes and institutions) who are at least 18 years old and who are regularly scheduled to work at least 20 hours per week for at least five months each year. For this purpose, a year is the 12-month period beginning on any September 1 and ending on the following August 31. If you work at more than one location within the Archdiocese and your combined work schedule is 20 or more hours per week, you are also an employee for plan purposes. Lay employees under annual contract who meet these requirements are also covered by the plan.

RETIREMENT BENEFITS

NORMAL RETIREMENT

Your **normal retirement date** is the last day of the month in which you turn 65, or the date on which you complete five (5) Years of Service, whichever is later. (If you are engaged under an annual contract, your normal retirement date may be the last day of the contract year in which you turn 65 or complete 5 Years of Service, whichever is later.)

Your **normal retirement benefit** is determined by your Average Monthly Pay and your Years of Service. This benefit is the largest of the following amounts:

- (1) 30% of your Average Monthly Pay multiplied by your Years of Service at retirement (up to a maximum of 30 years), divided by 30.
- (2) 22.5% of your average monthly pay up to \$400 plus 37.5% of this pay over \$400, multiplied by your Years of Service at retirement (up to a maximum of 30 years), divided by 30.
- (3) \$300 multiplied by your Years of Service (up to a maximum of 30 years), divided by 30.

Your pension is paid in addition to any Social Security benefits you receive.

NORMAL RETIREMENT EXAMPLE

Mary is retiring at age 65 after completing 20 Years of Service with the Archdiocese. Her average monthly pay is \$1,400. Her monthly pension will be calculated as follows:

Formula	Mary's Calculation	Mary's Benefit
(1) 30% x Average Monthly Pay x Years of Service (up to 30), divided by 30	$(30\% \times \$1,400) \times (20 \div 30)$	\$280
(2) 22.5% x Average Monthly Pay up to \$400 plus 37.5% of Average Monthly Pay over \$400 x Years of Service (up to 30), divided by 30	$[(22.5\% \times \$400) + (37.5\% \times \$1,000)] \times (20 \div 30)$	\$310
(3) \$300 x Years of Service (up to 30), divided by 30	$\$300 \times (20 \div 30)$	\$200

Formula 2 gives Mary the highest result, so her monthly pension in this example will be \$310.

The chart on Page 9 will help you estimate your normal retirement and Social Security benefits. Simply find the average monthly pay in the first column that is closest to yours and then read across to the column for the Years of Service which will be closest to what you will have at normal retirement. This shows you an estimated plan benefit.

Keep reading across the line to the last column of the chart where estimated Social Security benefits as of 2011 at age 65 are shown. Using Mary's example from above, her combined estimated pension and Social Security benefits would be \$1,063 a month, or \$12,756 per year. **The figures in this chart are only estimates**, of course, but they will give you some idea of what you might expect from both the plan and Social Security and should be helpful to you in planning for your retirement.

ESTIMATED MONTHLY RETIREMENT BENEFIT AT NORMAL RETIREMENT										
Average Monthly Pay	Years of Service									Estimated Social Security Benefit*
	30	25	20	15	10	5	5	5	5	
\$4,500	\$1,627.50	\$1,356.25	\$1,085.00	\$813.75	\$542.50	\$271.25	\$271.25	\$271.25	\$271.25	\$1,533.00
\$4,000	\$1,440.00	\$1,200.00	\$960.00	\$720.00	\$480.00	\$240.00	\$240.00	\$240.00	\$240.00	\$1,407.00
\$3,500	\$1,252.50	\$1,043.75	\$835.00	\$626.25	\$417.50	\$208.75	\$208.75	\$208.75	\$208.75	\$1,281.00
\$3,000	\$1,065.00	\$887.50	\$710.00	\$532.50	\$355.00	\$177.50	\$177.50	\$177.50	\$177.50	\$1,155.00
\$2,500	\$877.50	\$731.25	\$585.00	\$438.75	\$292.50	\$146.25	\$146.25	\$146.25	\$146.25	\$1,029.00
\$2,200	\$765.00	\$637.50	\$510.00	\$382.50	\$255.00	\$127.50	\$127.50	\$127.50	\$127.50	\$954.00
\$2,000	\$690.00	\$575.00	\$460.00	\$345.00	\$230.00	\$115.00	\$115.00	\$115.00	\$115.00	\$904.00
\$1,800	\$615.00	\$512.50	\$410.00	\$307.50	\$205.00	\$102.50	\$102.50	\$102.50	\$102.50	\$853.00
\$1,600	\$540.00	\$450.00	\$360.00	\$270.00	\$180.00	\$90.00	\$90.00	\$90.00	\$90.00	\$803.00
\$1,400	\$465.00	\$387.50	\$310.00	\$232.50	\$155.00	\$77.50	\$77.50	\$77.50	\$77.50	\$753.00
\$1,200	\$390.00	\$325.00	\$260.00	\$195.00	\$130.00	\$65.00	\$65.00	\$65.00	\$65.00	\$702.00
\$1,000	\$315.00	\$262.50	\$210.00	\$157.50	\$105.00	\$52.50	\$52.50	\$52.50	\$52.50	\$652.00

Figures are subject to change.

*Based on 1/1/2011 Level Future Earnings Index plus 1%

EARLY RETIREMENT

You can also retire early if you are at least age 55 when you leave and your age, plus your Years of Service, total 75 or more. For example, if you have 20 Years of Service, you can retire as early as age 55; if you have 15 Years of Service, you can retire as early as age 60.

If you retire early, you can elect to have your pension start on your normal retirement date or you can elect to have it start at a reduced level at the time you retire.

If you retire at age 62 or older with at least 30 Years of Service, and you choose to begin receiving your benefit right away, your benefit will not be reduced.

Otherwise, if you choose to start payments right away, your benefit will be reduced to take into account that your pension will be paid for a longer time than if payments start at age 65. This reduction in your benefit will be at the rate of 3% for each year that payments start early. For example, if you retire 10 years early, the reduction is 3% for each year of 10 years or 30%. (The 3% is reduced proportionately for a fraction of a year.)

If you retire at age 62 or older with at least 30 Years of Service, your benefit will not be reduced. Otherwise, if you choose to receive pension payments before age 65, your benefit will be reduced to take into account that your pension will be paid for a longer time.

It is important to understand that this reduction is not a penalty for retiring early. Payment of the value of the pension you have earned is being spread over a longer period of time, so you can expect to receive smaller payments, but more of them.

EARLY RETIREMENT EXAMPLE

Jim is age 60, and has completed 30 Years of Service with the Archdiocese. He may retire and begin receiving pension payments. If Jim wants to receive his pension payments at age 65, his monthly benefit will be \$430. If he chooses to begin receiving pension payments right away, at age 60, his benefit will be calculated as follows:

Reduction/Benefit Formula	Jim's Calculation
Reduction: Benefit payable at age 65 x (number of years before age 65 employee is retiring x 3%)	$\$430 \times (5 \times 3\%) = \64.50
Formula: Monthly benefit at age 65 minus reduction	$\$430 - \$64.50 = \$365.50$

Jim's monthly benefit at age 60 will be \$365.50—lower than the pension he would have received at age 65, but payable for five more years.

LATE RETIREMENT

You may delay retirement beyond your normal retirement date if you wish. Your late retirement benefit will be based on your pay and service right up until the time your employment ends. If you retire late, you are not eligible for any retroactive benefit payments.

DISABILITY RETIREMENT

If you stop working for the Archdiocese of Philadelphia because you become totally and permanently disabled, as determined by the Trustees, and you are at least age 40 with at least 15 Years of Service, you may qualify for **disability retirement**.

The amount of your disability benefit will be what you would have received at your normal retirement date, but based on your pay and service up to the time of your disability. The formulas for disability and hardship retirement benefits (see Page 16) are listed below. You will receive a monthly benefit which is the greater of:

- (1) 30% of your average monthly pay multiplied by your Years of Service projected to your normal retirement date (up to a maximum of 30 years) divided by 30. This number is then multiplied by your *actual* service to the date of your disability divided by the Years of Service projected until your normal retirement date.

or

- (2) 22.5% of your average monthly pay up to \$400 plus 37.5% of this pay over \$400, multiplied by your Years of Service projected to your normal retirement date (up to a maximum of 30 years) divided by 30. This number is then multiplied by your *actual* service to the date of your disability divided by the Years of Service projected until your normal retirement date.

or

- (3) \$300 multiplied by your Years of Service projected to your normal retirement date (up to a maximum of 30 years) divided by 30. This number is then multiplied by your *actual* service to the date of your disability divided by the Years of Service projected until your normal retirement date.

You may begin receiving benefit payments as of the first day of the month following the last day you were paid. Unlike early retirement benefits, this disability retirement benefit will not be reduced because payments are starting early.

There are three important points to note about disability benefits:

- They are not payable if the disability is due to a self-inflicted injury.
- Proof of continued disability will be required each year until you are 65.
- The benefit will be terminated if you cease to be disabled before age 65.

DISABILITY RETIREMENT EXAMPLE

Claire became disabled at age 48, after completing 25 Years of Service with the Archdiocese. Her average monthly pay at that time was \$1,500. Her monthly disability benefit would be calculated as follows:

Formula	Claire's Calculation	Claire's Benefit
(1) 30% x Average Monthly Pay x projected Years of Service (up to 30) divided by 30, multiplied by Years of Service to the date of disability divided by Years of Service projected to normal retirement	$(30\% \times \$1,500) \times (30 \div 30) \times (25 \div 42)$	\$267.86
(2) 22.5% x Average Monthly Pay up to \$400 plus 37.5% of Average Monthly Pay over \$400 x projected Years of Service (up to 30) divided by 30, multiplied by Years of Service to the date of disability divided by Years of Service projected to normal retirement	$[(22.5\% \times \$400) + (37.5\% \times \$1,100)] \times (30 \div 30) \times (25 \div 42)$	\$299.11
(3) \$300 x projected Years of Service (up to 30) divided by 30, multiplied by Years of Service to the date of disability divided by Years of Service projected to normal retirement	$\$300 \times (30 \div 30) \times (25 \div 42)$	\$178.57

Claire's monthly disability benefit will be \$299.11 since Formula 2 gives the highest result. This amount will not be reduced because payments are starting before age 65.

HARDSHIP RETIREMENT

If you terminate employment with the Archdiocese of Philadelphia because of hardship, as approved by the Trustees, and you are at least age 40 with 15 Years of Service, you may qualify for **hardship retirement**. Your termination must be an involuntary response to circumstances constituting hardship. An example of hardship would be your own serious illness or a serious illness or death in your immediate family that causes you to be unable to perform duties with the Archdiocese because you must care for an ill family member or the dependents of an ill or deceased family member.

The formulas for the hardship retirement benefit are same as for disability retirement (see Page 13), except that your Years of Service to disability are replaced with your Years of Service to the date you leave the Archdiocese because of the hardship.

Proof of continued hardship will be required each year until you reach age 65.

To receive this type of retirement, you must apply for it **before** you leave the Archdiocese.

HOW RETIREMENT BENEFITS ARE PAID

Normally, the retirement benefit provided by the plan will be paid to you for as long as you live. Benefit payments end at your death.

Before you retire, however, you can choose to have your retirement benefit paid in a way that will provide benefits to another person after your death. If you choose to have benefit payments continue after you die, the monthly benefit you receive during your lifetime will be reduced to pay for the value of this benefit.

There are two optional ways to receive your benefit. One of these is the “joint and survivor” option; the other is called a “5- or 10-year certain” option. Both are described below.

JOINT AND SURVIVOR OPTION

This option is available only if you are married. This option pays you reduced payments for life and, if your spouse is living at your death (after retirement), he or she will receive a monthly benefit for the rest of his or her lifetime.

You may choose for your spouse to receive either 100% or 60% of the benefit you were receiving. Since the value of a 100% continuation to your spouse is greater than a 60% continuation, the reduction in your pension for the 100% continuation will also be greater. The amount of the reduction in your pension is also determined by your and your spouse’s ages at the time you retire.

There are a few important points to note about this option:

- Once benefits begin, the amount you receive will not change even if your spouse dies before you, or even if you are divorced.

- You cannot elect a substitute beneficiary for your spouse.
- The only person who can receive benefits under this option is the individual who is your spouse at the time you retire. If your spouse dies or you are divorced and you remarry (after you retire), your new spouse cannot be substituted under the option.

5- OR 10-YEAR CERTAIN OPTION

This option is available to both single and married employees. If you elect this option, you will receive reduced payments for as long as you live. If you die within 5 or 10 years (depending on which of these two options you select) from the date you retire, the balance of the payments for this period will be paid to your beneficiary. If you die after the elected period has passed, no benefits are payable.

For example, if you select a 5-year certain option and die after receiving benefits for only three years, your beneficiary will be paid the same monthly amount you were receiving for the remaining two years of the original 5-year period. No benefits will be paid to your beneficiary after the fifth year. In addition, if you die in the sixth year, no benefits are payable.

Some important points to note about the 5- or 10-year certain option:

- Once benefits begin, the amount you receive will not change if your beneficiary dies before you. You may, however, select a substitute beneficiary to receive any payments that might become payable if you die.
- You may change your beneficiary at any time.
- The amount of the reduction in your pension will depend upon your age at the time you retire and whether you elect to continue payments for 5 or 10 years. The age of your beneficiary does not affect the amount of your reduction.

EXAMPLE OF BENEFIT REDUCTIONS FOR PAYMENT OPTIONS

John is retiring at age 65 and is entitled to a monthly pension of \$150. His wife is 63 years old. If he chooses one of the plan's optional forms of payment, he will receive the following monthly benefit instead of \$150.

100% Joint and Survivor Option	60% Joint and Survivor Option	5-Year Certain Option	10-Year Certain Option
\$115.94	\$127.52	\$146.03	\$136.65

These figures, of course, apply only to this example. The exact amount you may receive depends upon your age and, with the 100% and 60% survivor options, the age of your spouse at the time you retire.

TERMINATION OF EMPLOYMENT

If you leave the Archdiocese before you are eligible to retire and you have completed at least five Years of Service (after age 18), you will be vested in the retirement benefit you earned while you were employed. This means that you are entitled to receive this benefit when you reach your normal retirement date, even if you are no longer employed by the Archdiocese.

The amount of your vested benefit will be determined based on your pay and Years of Service at the time you terminate. However, Formula 3 (the benefit of \$300 per year of service (up to 30 years) divided by 30), will **not** be used to calculate your benefit if you leave the Archdiocese before you retire.

In addition, if you leave the Archdiocese with fewer than five Years of Service, you will not be entitled to benefits under the retirement plan.

IF YOU RETURN TO WORK FOR THE ARCHDIOCESE AFTER YOU RETIRE

If you retire, begin receiving benefit payments, are then rehired by the Archdiocese, and if you meet the Plan eligibility requirements as described on Page 7, your benefit payments will stop while you are working.

- You will be notified before your pension payments are stopped.
- If your payments are stopped, benefits will begin again when you retire.
- Before you retire again, your benefit will be calculated to take into account your total Years of Service after your return to work.
- When you retire again, your benefit will not be less than what you were receiving at your earlier retirement.
- When you retire again, your benefit will be paid in the same form as you were receiving before your payments stopped. For example, if you were receiving your benefit in the form of a Life Only payment before your payments stopped, then you will receive your benefit as a Life Only amount when you retire again.
- If your pension was paid to you as a single lump-sum payment, the benefit you may earn after you are rehired will be recalculated to take into account your total Years of Service and Average Monthly Pay, but less any benefit payments already made.

PAYMENT OF SMALL MONTHLY BENEFIT AMOUNTS

If you left the Archdiocese or died before July 1, 2004, and your monthly benefit (or surviving spouse's benefit), is less than \$15, the benefit may be paid quarterly, semi-annually, or annually, at the discretion of the Board of Trustees.

If you left the Archdiocese on or after July 1, 2004, and your monthly benefit is less than \$50, or your surviving spouse's benefit after age 65 is less than \$50, you or your spouse will receive the benefit in the form of an actuarially equivalent lump-sum payment as soon as practical after your termination or death. If you receive a lump-sum payment and are later rehired by the Archdiocese, any subsequent benefit payment you receive will take into account total Years of Service, but less the actuarial equivalent of the benefit payment already made.

SURVIVING SPOUSE BENEFIT

If you are married and die while employed by the Archdiocese after completing at least five Years of Service, your spouse will receive a monthly benefit payable for the rest of his or her life.

This benefit will be based on your Years of Service and pay at the time of your death. Your spouse will receive monthly payments of 50% of the amount you would have received at your normal retirement age, beginning the first day of the month after your death. The monthly benefit will increase to 100% of your benefit beginning the first day of the month after your spouse reaches age 65.

In addition, if you completed at least 25 Years of Service, but leave the Archdiocese before you retire, and die before age 65, your surviving spouse will also receive a benefit from the plan as described above.

This benefit is not payable if:

- you and your spouse are divorced or legally separated at the time of your death; or
- you have retired and your retirement benefit payments have begun.

EXAMPLE OF SURVIVING SPOUSE BENEFIT

Harry had completed 20 Years of Service in 2004 when he died at age 45; his wife was 40. His average monthly pay at that time was \$1,800. The monthly pension he had earned at the time of his death, payable at age 65, was \$410, the highest of the three plan formulas:

Formula	Harry's Calculation	Harry's Benefit
(1) 30% x Average Monthly Pay x Years of Service (up to 30), divided by 30.	$(30\% \times \$1,800) \times (20 \div 30)$	\$360
(2) 22.5% x Average Monthly Pay up to \$400 plus 37.5% of Average Monthly Pay over \$400 x Years of Service (up to 30), divided by 30.	$[(22.5\% \times \$400) + (37.5\% \times \$1,400)] \times (20 \div 30)$	\$410
(3) \$300 x Years of Service (up to 30), divided by 30	$\$300 \times (20 \div 30)$	\$200

The surviving spouse benefit payable to Harry's wife from 2004 until 2029, when she reaches 65, will be \$205. Starting in 2029, this benefit will increase to \$410.

ADMINISTRATIVE INFORMATION

HOW TO APPLY FOR RETIREMENT BENEFITS

Before you retire, you should obtain a pension application from your supervisor or pastor. This form should be completed and returned to the Plan Administrator, along with proof of your date of birth such as a birth or baptismal certificate. (A marriage certificate may also be required if your current last name is different than the one on your birth certificate.)

The application for retirement lists other ways of proving your age if a birth or baptismal certificate is not available. If you cannot obtain proof of birth by any of these means, you should write to the Trustees for instructions as to what other proof will be acceptable.

In case of a **disability retirement**, you will also need to submit medical evidence that substantiates your claim. This evidence includes statements from your attending physicians or a copy of a Social Security disability award, along with any other medical evidence the Trustees request.

In case of a **hardship retirement**, you will also need to submit an affidavit before you leave the Archdiocese stating the reasons why you believe you are entitled to retire for this reason. This information will then be submitted to the Trustees for review.

SERVICE RECORDS

Your employment record is kept in the office of the Plan Administrator and includes information provided by the employer for whom you have worked since the effective date of the plan. Service before that date is supplied to the Administrator on your enrollment form. If you transfer within the Archdiocese, or if you terminate employment for any reason, it is important that your employer notify the Administrator so that your benefits will not be jeopardized.

ALTERNATE PAYMENT PROCEDURE

If anyone entitled to receive plan benefits is judged by the Trustees to be legally, physically, or mentally incapable of receiving the distribution, the Trustees may distribute benefits to another person or institution who has custody of the incapable individual. The Trustees may require a court order concerning the incapability of the individual involved.

ABOUT TAXES

Currently, the benefits you receive from the plan are taxable as regular income under Federal tax law. Usually, taxes are withheld automatically; however, you have the right to elect that no withholding be made. If you do this, you may have to pay estimated taxes on a quarterly basis.

Surviving spouse benefits and benefits payable to a beneficiary under the 5- or 10-year certain option are taxable to your spouse or beneficiary as regular income under Federal law.

You should consult your tax advisor regarding any benefits you, your spouse, or beneficiary may receive from this plan.

ABOUT SOCIAL SECURITY

Full Social Security benefits begin at normal retirement age—currently between ages 65 and 67, depending on the year in which you were born. If you were born in or after 1938, the age at which full benefits are payable increases in gradual steps from age 65 to age 67 in 2027. Reduced benefits can begin any time after age 62.

Your spouse will also receive a benefit at your normal retirement age, or reduced benefits at age 62, based on your earnings—unless he or she is entitled to a higher benefit based on his or her own earnings.

Social Security also provides benefits if you become disabled or if you die. At age 65, you will be eligible for Medicare. This is an important Social Security benefit covering certain hospital, surgical, and other medical expenses.

You should keep in mind that Social Security benefits are not paid automatically. You must apply for them. You should also apply for Medicare coverage at least three months before you reach age 65. Consult your local Social Security office for details.

ASSIGNMENT OF BENEFITS

Your plan benefit is intended only for you and, if applicable, for your spouse or other beneficiary. Benefits may not be assigned, attached, or seized.

PLAN INFORMATION

PLAN NAME

The name of the plan is The Lay Employees' Retirement Plan of the Archdiocese of Philadelphia.

PLAN ADMINISTRATION

The plan is administered by the Board of Trustees whose chairman is the Archbishop of Philadelphia. You may direct your questions to:

Plan Administrator
Archdiocese of Philadelphia
222 N. 17th Street
Philadelphia, PA 19103
(215) 587-0570

FUTURE OF THE PLAN

The Archdiocese reserves the right to amend or terminate the plan, at the discretion of the Archbishop.

If the plan is terminated, all employees automatically become fully vested in their accrued plan benefits, regardless of their age or length of service.

The assets of the plan will be used, upon plan termination, to provide benefits in the following order:

- retirees,
- employees eligible for normal or late retirement,
- employees eligible for early retirement,
- other employees with at least five Years of Service, and
- all other employees.

If any assets remain after all liabilities to employees and retirees have been met, they will be donated to Catholic Social Services of the Archdiocese of Philadelphia.

ABOUT THE LAY EMPLOYEES' RETIREMENT PLAN

The Archdiocesan Lay Employees' Retirement Plan is administered by a Board of Trustees whose chairman is the Archbishop of Philadelphia. The plan is governed by a plan document which describes major plan features. A trust has also been established to hold and invest funds that have been contributed by the Archdiocese and the participating Archdiocesan employers and to pay benefits to eligible employees.

The Archdiocese reserves the right to change or terminate the plan at any time. This booklet summarizes only some of the provisions included in the plan. If there is a difference between this booklet and the plan document, the plan document will govern.

Remember that personnel policies and practices of participating Archdiocesan parishes, agencies, and institutions can be different. As a result, terms and conditions of employment may vary from employer to employer in ways that could affect benefits provided by the plan, as described in this booklet. Your employer cannot modify the terms of the plan; however, each employer sets your terms of employment. Please review this booklet carefully and contact your employer with any questions.

Throughout this booklet, the Archdiocese is referred to as the employer. This was done to simplify the description of the plan. However, each participating institution, such as a parish, is the employer of its employees for purposes of the plan. Each such institution also contributes to the cost of the plan, maintains employment records, and usually determines leaves of absence for its employees. A list of participating institutions can be obtained from the Plan Administrator.

