

Lay Employees of the Archdiocese of Cincinnati Pension Plan

UMR

230 Lexington Green Cir, Ste 400
Lexington, KY 40503
Tel 888-640-1700 Fax 859-226-1191

To: Participants in the Lay Employees of the Archdiocese of Cincinnati Pension Plan
From: UMR, Contract Administrator
Date: December 2023
Re: Annual Statement as of December 31, 2022 and Pension Newsletter

Enclosed please find:

1. Your Annual Benefit Statement for the Plan year ending December 31, 2022 for the Lay Employees of the Archdiocese of Cincinnati Pension Plan. Please review your Statement carefully and contact UMR if you feel there is missing information or discrepancies. In addition, the amount on your pension letter and vesting status are subject to a final review and approval.
2. Pension Newsletter from the Archdiocese of Cincinnati.

Benefit

This Statement shows your Normal Retirement Benefit at age 65 or later, payable for your life only, and is based on your compensation and your service through December 31, 2010, the date that benefit accruals under the Plan were frozen. Remember that for those participating employees who had not yet vested by December 31, 2010, your service continues to count for determination of vesting only. There are two benefit formulas in the Plan, one based on compensation and the other based on service. Both amounts are quoted near the bottom of your Statement. If you are vested, you will be entitled to the higher of the two amounts at normal retirement. You will not receive both.

Vesting

You must be vested in the Plan to be entitled to a benefit. The paragraph immediately below the Normal Retirement Benefit tells whether or not you are vested under the Plan.

Commencement of Benefit

To commence payments, you must apply for your retirement benefit. Please contact UMR to obtain a retirement application and quote two to three months before you plan to start receiving benefits in order to allow time for processing. There are several benefit options available under the Plan. All options will be quoted after your application has been received. Payment of your benefit will not begin until the later of: (i) the first of the month following receipt of your completed application process, or (ii) the first of the month following your termination of employment (or termination of contract, if applicable).

Contact

If you have questions about the Plan or your Benefit Statement or if you need a retirement application or other forms, please contact UMR, the contract administrator, at the following address:

UMR Phone: (888) 640-1700
230 Lexington Green Cir Ste 400 Fax: (859) 226-1191
Lexington, KY 40503 Contact: Susan Gerencser or Jennifer Fights(Bangart)

Frequently Asked Questions

See enclosed Newsletter including frequently asked questions and answers about the Plan.

**NEWSLETTER FOR THE LAY EMPLOYEES OF THE
ARCHDIOCESE OF CINCINNATI PENSION PLAN**

This document is intended to provide brief answers to some “Frequently Asked Questions” about the **LAY EMPLOYEES OF THE ARCHDIOCESE OF CINCINNATI PENSION PLAN** (the "Plan"). However, the terms of the Plan are contained in the Plan document and cannot be changed by anything in this document or by any other documents, statements or representations made to you about the Plan. If anything in this document conflicts with any provision in the Plan document, the terms of the Plan document will control.

What is the purpose of the Plan?

The Plan provides a monthly pension benefit during your retirement, which is intended to supplement the benefits you receive from other sources, including Social Security, 403(b) and 401(k) accounts and your own savings.

Who pays for the Plan?

Archdiocesan employers pay 100% of the cost of the Plan. Employee contributions were never required or permitted. In order to fund benefits accrued under the Plan, Archdiocesan employers contributed 2% of eligible payroll to the Plan through 6/30/2017. Effective 7/1/2017 the rate increased to 2.5% with 9/30/2017 quarter. For the Plan year ended December 31, 2022, these employer contributions totaled \$4,537,117.

What type Plan is this?

The Plan is a defined benefit plan that provides specified benefits at retirement based on the formulas stated in the Plan. Your benefit is expressed as a monthly payment at retirement, which is determined based on your compensation and service as determined by a pension actuary. It is not an account that increases with time due to interest or investment earnings. The Plan is funded by Archdiocesan employers.

Who is eligible to participate?

Benefit accruals under the Plan were frozen effective December 31, 2010. Until that date, you were eligible to participate in the Plan and accrue benefits if you were a Lay Employee of the Archdiocese of Cincinnati who was employed in a permanent position on a full-time basis (as defined in the Plan) Employees **hired after December 31, 2010 are not eligible to participate.**

A "full-time" employee refers to an employee who regularly works at least 20 hours per week, or, in the case of a “teacher,” at least 12 classroom hours per week, in either case for a normal work year. If you are employed at two or more Archdiocesan locations, your hours are combined for purposes of determining if you are full-time.

Will my pension benefit start automatically when I retire?

No, you must apply. Please contact UMR, the Contract Administrator at 1-888-640-1700, to obtain a retirement application two to three months before you plan to start payment of your retirement benefit. Your monthly benefit under the available payment options will be quoted after the application is received.

When will my pension benefit be paid?

If you are vested, the Plan provides a monthly benefit at Normal Retirement Age (65) or a reduced amount at Early Retirement (age 55 or later, but before 65). Remember, you must apply for benefits before payments can begin. If you are not vested when you terminate employment, there is no benefit due.

How do I become vested?

You are vested when you have been credited with 60 months of service as a full-time employee or are still an employee at age 65. Even though the Plan was frozen effective December 31, 2010, it is still possible for an eligible employee with less than 60 months of service as of December 31, 2010 to become vested in the Plan upon reaching 60 months of service. However, if as of July 1, 2022 you have not completed 60 months of service as a full-time employee, or have not attained age 65 as an employee, you will not become vested thereafter unless the plan is terminated.

How is my Normal Retirement Benefit determined?

The Plan has two benefit formulas, a "regular" benefit based on compensation and a "minimum" benefit based on service. You will receive the higher of the two, but not both. Your normal retirement benefit at age 65, payable for your life only, is calculated as follows:

1. Normal Retirement – Regular Benefit Formula:

- 1.17% of Past Service Career Compensation (compensation before 1973); **PLUS**
- 2.33% of Service Career Compensation (from n 1973 thru 1999); **PLUS**
- 2.02% of Service Compensation (compensation in 2000 thru 2010); **DIVIDED BY 12**

2. Normal Retirement – Minimum Benefit Formula:

- \$8.12 times Months of Past Service (service before 1973); **PLUS**
- \$25.00 times Months of Service in 1973 thru 2010; **DIVIDED BY 12**

Is my benefit adjusted for early or late retirement or for a benefit option other than life only?

Yes. The actual monthly amount you receive will vary depending upon the form of benefit you choose and the time you commence payment of your benefit because the amounts must be actuarially equivalent. For example, if you elect early retirement, the payments will be less than what you would receive if you waited until normal retirement. Likewise, working past your normal retirement date or choosing to defer commencement of your benefit until after your normal retirement date might increase your monthly benefit amount. Also, if you elect an option other than a single life annuity, the monthly payment will be less.

Can I start my benefit if I'm between the ages of 55-65 or in other words, before Normal Retirement Date = age 65?

You must terminate employment completely.

Termination of employment as defined under the Plan means that the Participant: (i) has ceased to provide services as an Employee to an Employer or Affiliated Business; (ii) is not, or no longer, on a Qualified Leave of Absence; and (iii) has terminated his employment relationship with an Employer or Affiliated Business. **A reduction in hours without an actual termination of employment will not permit a Participant between the ages of 55-65 to commence benefits.**

Example: Dorothy is age 63 and the bookkeeper for St. Richard Church. She has not yet reached the normal retirement date of age 65. Dorothy currently works 40 hours per week. Dorothy wants to "retire" and begin receiving her pension benefit but continue to work 15 hours per week at St. Richard. This is not a legitimate termination of employment since Dorothy: 1) never completely severed her employment; and 2) "retired" with an expectation that her employment would continue.

What happens if I return to work after I begin receiving retirement benefits?

The answer depends on whether you are reemployed before or after your Normal Retirement Date (the first day of the month after you reach age 65.)

Before Normal Retirement Date. If you retired and you are reemployed by the Archdiocese after your retirement benefits have started, but **before your normal retirement date age 65**, your payments generally will be suspended until your employment ends and you reapply for your benefits.

However, notwithstanding this general rule, your retirement benefit will not be suspended solely as the result of reemployment:

- a. as an on-call substitute teacher, provided that such service is intermittent and/or temporary in nature; or
- b. as a part-time or temporary employee performing fewer than 500 hours of service during a Plan year.

After Normal Retirement Date. If you retired and you are reemployed by the Archdiocese after your retirement benefits have started, and **after your normal retirement date**, your payments will be suspended *only* if you provide services to the Archdiocese in a permanent position on a full-time basis. However, if you are first reemployed later than April 1 of the calendar year after you reach your required beginning date (the date the law requires you to commence your benefit), your benefit payment will not be suspended.

For this purpose, a "full-time" employee refers to an employee who regularly works at least 20 hours per week, or, in the case of a "teacher," at least 15 classroom hours per week (at least 12 classroom hours per week before July 1, 2022), in either case for a normal work year. If you are employed at two or more Archdiocesan locations, your hours are combined for purposes of determining if you are full-time.

Note that in the case where benefits are suspended, when you retire a second time, your benefits will be adjusted actuarially to reflect the previous payments you actually received. In any event, the new Retirement Benefit will not be less than the Retirement Benefit you were entitled to immediately prior to the suspension.

Per the Plan Amendment Gap Requirement (Included): Rehired Participant. No benefits will be paid to a rehired Participant unless the Participant's Termination of Employment was a bona fide Termination of Employment, as determined by the Plan Administrator in its sole discretion in accordance with applicable Internal Revenue Service guidance.

What are my choices as to forms of distribution?

Several options will be quoted at the time you retire: a single life annuity, a joint and survivor annuity, or a life and period certain annuity.

Please note, once you have elected your option and benefit payments have begun, the option cannot be changed.

Does the Plan have a Cost of Living Adjustment?

No. Once you retire and payments begin, no increase in the monthly benefit payment is guaranteed, nor is one likely.

Can I receive a Lump Sum Payment or a Rollover?

A Lump Sum payment is only available if:

- a. you are vested; and
- b. you have been terminated from the Archdiocese (and for purposes of early retirement) for at least six months; and
- c. the actuarial present value of your retirement benefit is less than \$10,000 (see Plan Amendment Summary)

If you are eligible for a Lump Sum payment, the payment may be rolled over or paid directly to an IRA or an eligible retirement plan. Otherwise, if you are not eligible for a Lump Sum payment, you would not be eligible to rollover your benefit.

Plan Amendment Summary

Notwithstanding the Plan rules mentioned above, the Plan was amended to allow a vested former employee to waive any excess over the actuarial present value of \$10,000. This amendment only applies to vested former employees not receiving any pension payments from the Plan at time of this election.

Does the Plan have a Preretirement Death Benefit?

Yes, but only to the extent provided in the Plan document to your surviving spouse or to the legal guardian of your dependent minor children (under age 18).

If you have no spouse or dependent children as defined in the Plan, then no death benefit is paid from the Plan.

Does the Plan have a Postretirement Death Benefit?

Possibly, depending upon the annuity form you choose when you retire. Some of the Plan's annuity options, for example, a joint and survivor annuity or a period certain annuity, could have payments continuing after your death.

What happens if I terminate employment before I am vested?

If you are not vested, you will no longer be a participant in the Plan and may forfeit the unvested portion of your benefit as a result. If you are reemployed by the Archdiocese before you have a "rule of parity break in service" (defined below), you will not lose prior credit and your benefit will be unaffected by your break in service. This rule remains in effect and is not affected by the fact that the Plan was frozen effective December 31, 2010. If you incur a "rule of parity break in service", then your prior months of service and pension benefit will be permanently disregarded even if you return to work for the Archdiocese.

A "rule of parity break in service" is a severance period which is equal to 60 months.

Can I elect to withdraw from the Plan?

Yes. The Plan was recently amended to permit the waiver of Plan benefits. The waiver is completely voluntary on your part and is offered by the Plan only as an accommodation to certain Participants who believe that such a waiver will be in their best interests. The Archdiocese does not encourage any Participant to waive benefits under the Plan. It is your responsibility to decide whether such a waiver is in your best interest. You should carefully consider whether a waiver will benefit you before you decide to enter into it. **Note: Once a waiver becomes final, it cannot be revoked.**

Is the Plan subject to ERISA?

No. The Plan is a "church plan" and as such is exempt from the requirements of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan's benefits are not insured by the Pension Benefit Guaranty Corporation.

Who is the Trustee for the financial assets of the Plan?

Plan assets are held in a trust with U.S. Bank as Trustee. As such, Plan assets are separate and apart from the assets of the Archdiocese and would not be subject to the claims of creditors of the Archdiocese.

Who manages the Plan's assets?

The Plan Assets are managed by several professional money management firms. The performance of these managers is evaluated on a quarterly basis by an independent consultant and the Lay Employees Pension Plan committee.

How did the freezing of the Plan effective December 31, 2010 affect my retirement benefit?

- If you retired prior to December 31, 2010, and considered vested, your retirement benefit is unaffected. This statement is correct whether or not you have applied for benefits with UMR.
- If you were not retired prior to December 31, 2010, but had left the employment of the Archdiocese or were otherwise no longer an eligible employee, depending on your vested status, your retirement benefit is unaffected.
- If you were an eligible employee at December 31, 2010 and remained so after that date, your retirement benefit under the Plan freezes as of that date and will no longer grow with compensation or service after December 31, 2010.

What is the current funding status of the Plan?

The market value of the total investments of the fund was \$358,877,250 and \$458,518,564 as reported on the trustee's statements of December 31, 2022 and 2021, respectively.

The actuarial accrued liability was \$439,777,136 and \$447,322,644 as of January 1, 2023 and 2022, respectively. The accrued liability calculation assumes a 6.25% annual investment return. The actuarial accrued liability is calculated by an outside actuary.

How many participants are in the Plan?

UMR, Contract Administrator of the Plan, reports that as of January 1, 2023, \$2,748,344 is being paid monthly to 4,189 retirees. There were a total of 3,565 other participants in the Plan, which includes 1,382 active employees and 2,183 inactive, vested participants as of that report date.

Disclaimer

The above information is a brief summary and is not intended to cover the entire Plan or answer all questions.

The details of the Plan are set forth in the official Plan document. If there are any inconsistencies or ambiguities between this newsletter and the Plan document, the Plan document will control. The Plan document is available for your review at the offices of the Archdiocese or at UMR. For further information, contact UMR, the Contract Administrator.

Contact

If you have any questions about either the Plan or your Statement, please contact UMR at the following:

UMR
230 Lexington Green Cir, Ste 400
Lexington, KY 40503

Phone: (888) 640-1700

Fax: (859) 226-1191

Contact: Susan Gerencser or Jennifer Fights (Bangart)