Catholic Diocese
of Cleveland

SUMMARY PLAN DESCRIPTION

for the

CATHOLIC DIOCESE OF CLEVELAND
PENSION PLAN FOR LAY EMPLOYEES

PLEASE RETAIN THIS BOOKLET FOR FUTURE REFERENCE

July 1, 2024 Edition

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THIS IS YOUR PENSION PLAN

Long-range financial security is a subject that we all have considered at one time or another during our careers. Certainly, we have all asked ourselves such questions as this one: "How will I support myself when I retire?"

The Catholic Diocese of Cleveland recognizes the importance of helping its employees achieve financial security for their retirement years. For that reason, we adopted The Catholic Diocese of Cleveland Pension Plan in 1964 (referred to in this Booklet as "Pension Plan" or "Plan").

The Pension Plan is designed to pay you a retirement benefit for your lifetime if you work to your Normal Retirement Date, generally age 65. There are also provisions for early retirement. You can even earn a deferred vested benefit which will be paid at retirement even though you leave the employment of a Participating Employer before retirement age. The Plan will also pay a death benefit to your spouse in some cases. The amount of your pension benefit will depend on how long you work for a Participating Employer and your Average Monthly Compensation as specified by the Plan.

The Diocese believes it is important that you understand how your Plan operates. For that reason, we have prepared this Summary Plan Description; a booklet written as simply a summary to explain important provisions of the Plan. **In the case of any conflict between the contents of this booklet and the content of the Plan itself, the actual provisions of the Plan and Trust Agreement will control.** Copies of the Plan and Trust Agreement are available for your inspection upon reasonable notice during normal business hours.

HOW TO USE THIS BOOKLET

This booklet is divided into sections as indicated by the Table of Contents. The section called "Plan Highlights" presents a brief overview of the Plan. Each of the following sections deals in more detail with one aspect of the Plan's operation. Most sections start with a brief "in a nutshell" presentation, which gives the highlights of the particular Plan provisions covered in that section, followed by a more detailed explanation summarizing how the Plan's operation will affect you. Application of the Plan's provisions is illustrated in examples. The "Administrative Information" section of the booklet (the next to the last section listed on the Table of Contents) provides administrative information. The "Pre-November 1, 1989 Formula" section of this booklet (see page 33) is applicable to persons who were participants prior to November 1, 1989.

Wherever possible, we have avoided the use of technical language in this booklet. However, some aspects of your Pension Plan cannot be explained in any language other than "pension language." Where the use of technical words is essential, those words are explained when they are introduced in this booklet and examples illustrate how the terms apply to you.

After you read this booklet, you may still have some questions. If you do, feel free to ask about any aspect of the Plan which is not clear to you.

PLAN HIGHLIGHTS

- Generally, if you are employed full-time by a Participating Employer of The Catholic Diocese of Cleveland, you are covered by this Plan (details on page 16).
- If you are a participant in the Ohio State Teachers' Retirement System, you may waive participation (and corresponding benefits) under this Plan (details on page 16).
- Your employer pays the full cost for your Pension Plan benefits. You are neither required nor permitted to contribute to the Pension Plan.
- Your pension benefits are in addition to your retirement benefits from Social Security. Generally your employer matches your contributions to Social Security.
- You qualify for a "normal retirement pension" at your Normal Retirement Date (details on page 19).
- You qualify for early retirement at age 55, if you have at least 1 year of participation and 5 years of Vesting Service (details on page 20).
- When you have at least 1 year of participation and 5 years of Vesting Service, you qualify for a deferred vested pension which cannot be lost if you have a Termination of Employment (details on page 23).
- You must be living on the date your pension benefit is to commence in order for your pension benefit to be paid.
- In some circumstances if you die before the date your pension benefit commences, the Plan pays a surviving spouse's pension (details on page 28).
- The amount of your pension depends on your Compensation, how long you work, when your pension payments begin and what form of payment you choose (details on pages 17 through 27).
- If you have at least 25 years of Enhanced Benefit Service and retire after you attain age 55, you will have a minimum Accrued Pension benefit of $600.00 per month (details on page 18).
- You may be entitled to an unreduced Accrued Pension benefit commencing after age 59 for early retirement or deferred vested retirement if you have 25 years of Enhanced Benefit Service (details starting on page 22).

KEY TERMS

Here are some of the most important terms whose special meanings affect your participation and calculation of benefits in the Pension Plan. When these words appear throughout this Booklet, they will be capitalized to remind you of their special meanings.

ACCRUED PENSION

"Accrued Pension" is a measure of the amount of pension you have earned under the Plan (see page 18). Your "Accrued Pension" is a monthly amount calculated on the assumption that your pension will commence when you reach your Normal Retirement Date (see page 12) and will be payable under the Five Year Certain Form (see page 25). Your actual pension may be more or less than your "Accrued Pension" depending upon when the benefit commences (see page 19 on early payment of pension benefits) and the Form of Payment (see page 25 for Forms of Payment).

AVERAGE MONTHLY COMPENSATION

The words "Average Monthly Compensation" mean the average of the five (5) consecutive January 1 Compensations out of the last ten (10) January 1 Compensations you earned (ignoring any gap in calendar years) which produces the highest 60 month average.

Note: Your "Average Monthly Compensation" cannot decrease after your Normal Retirement Date.

COMPENSATION

The word "Compensation" means your gross salary and wages paid to you for the calendar year for services rendered, including overtime and bonuses. It also includes amounts by which you have voluntarily had your salary reduced such as to purchase a tax sheltered annuity or to pay your portion of the premium for your health benefits plan. Compensation does not include "differential wage payments" (all or a part of the difference between what a Participating Employer would have paid you and what the military is paying you while you are on a leave for military service) nor severance pay. In addition, Federal tax law puts a limit on compensation that can be taken into account for purposes of determining retirement benefits. The maximum annual compensation considered for benefit calculations is $305,000 for 2022, $330,000 for 2023 and $345,000 for 2024. The maximum amount is periodically adjusted to reflect changes in the cost of living.

JANUARY 1 COMPENSATION

"January 1 Compensation" means on each January 1 of your employment, your Compensation in the prior calendar year. Your first January 1 Compensation is the greater of your actual Compensation in the prior calendar year or the annualized rate of your salary on your date of hire.

CONTINUOUS SERVICE

Your periods of Continuous Service are used to measure your service under the Plan for all benefits. Continuous Service is also important in determining what benefits you are entitled to receive from the Plan.

Each period of Continuous Service starts from the day you first work for one hour for a Participating Employer and continues until the date your service with your Participating Employer ends for any reason, including a transfer to a nonparticipating employer.

Your periods of Continuous Service will not include any of the following periods:

- any period of leave of absence, unless your absence was a leave for military service or a leave covered by Worker's Compensation;
- any period of leave of absence for military service at the end of which you do not return to work with a Participating Employer during the period you retain reemployment rights by law;
- any period during which you are a temporary employee hired for less than six (6) months;
- with respect to an employee whose most recent date of hire is prior to July 1, 2004, any period during which his customary employment was for less than twenty-five (25) hours in any one (1) week, or, if such employee is a teacher, for less than fifteen (15) classroom hours in any (1) week;
- with respect to an employee whose most recent date of hire is after June 30, 2004, any period prior to July 1, 2024 during which his customary employment is for less than thirty-five (35) hours in any one (1) week, or, if such employee is a teacher, for less than twenty (20) classroom hours in any (1) week; and
- with respect to any employee whose most recent date of hire is after June 30, 2004, any period on or after July 1, 2024 during which his customary employment is for less than thirty-two (32) hours in any one (1) week, or, if such employee is a teacher, for less than twenty (20) classroom hours in any (1) week.

COVERED EMPLOYEE

You are a "Covered Employee" if:

- you are classified as a "lay employee" of a Participating Employer and your compensation is subject to withholding under Section 3402 of the Internal Revenue Code for Federal income tax purposes.

- your most recent date of hire occurred prior to July 1, 2004, and you work for one or more Participating Employers (in the aggregate) either:

  (1) 25 hours or more per week on an employment year basis; or

  (2) 25 hours or more per week (15 classroom hours if you are a teacher) on an academic year basis with respect to employment at an educational institution;

- your most recent date of hire occurred after June 30, 2004, and your customary employment prior to July 1, 2024 for one or more Participating Employers (in the aggregate) is either:

  (1) 35 hours or more per week on an employment year basis; or

  (2) 20 classroom hours if you are a teacher;

- your most recent date of hire occurred after June 30, 2004, and your customary employment on or after July 1, 2024 for one or more Participating Employers (in the aggregate) is either:

  (1) 32 hours or more per week on an employment year basis; or

  (2) 20 classroom hours if you are a teacher;

- you are not eligible to participate in any other defined benefit pension plan maintained by your employer;

- you have not entered into a written agreement which prevents your participation in the Plan;

- you are not hired as a contract or leased employee; and
- you are not hired as a temporary employee for a period of less than six (6) months.

You are not a Covered Employee for any period during which you waive participation (see page 16 for details).

<u>CREDITED SERVICE</u>

Your years of Credited Service is the number of the January firsts included in all of your periods of Continuous Service except that the following periods will not be counted:

- any period of Continuous Service during which you were not a Covered Employee; and
- any period of Continuous Service prior to a Termination of Employment that is not reinstated under the Special Service Rules (details starting on page 14).

In addition, Credited Service:

- shall include, for the retiree who immediately prior to his retirement was receiving disability income payments for a continuous period, the number of January firsts in such continuous period of disability income payments; and
- may also include the number of January firsts included in periods of unbroken service prior to becoming a Covered Employee in which you served as an ordained priest or as a member or novitiate of a religious community (you may contact the Group Life and Pension Office of the Diocese for the specific circumstances under which such service will be counted).

<u>ENHANCED BENEFIT SERVICE</u>

"Enhanced Benefit Service" is a term used to determine if you are eligible for certain Enhanced Benefits, namely a minimum Accrued Pension benefit of $600.00 per month (details on page 18) and the unreduced Accrued Pension Benefit payable after age 59 (details starting on page 22). Your "Enhanced Benefit Service" is determined as follows:

- If you are not a rehired participant, your Enhanced Benefit Service will equal your Credited Service.

- If you are a rehired participant who was entitled to a pension benefit at the time of your earlier Termination of Employment, and you were previously a Covered Employee on or after January 1, 1999 and you had greater than 25 years of Enhanced Benefit Service, then your Enhanced Benefit Service will equal your Credited Service before your rehire plus your Credited Service after your rehire.

- If you are a rehired participant and you were entitled to a pension benefit at the time of your earlier Termination of Employment, but you were not previously a Covered Employee on or after January 1, 1999 or you did not have greater than 25 years of Enhanced Benefit Service at the time of your earlier Termination of Employment, then your Enhanced Benefit Service will equal only your Credited Service after your rehire until your Credited Service after your rehire equals the number of January firsts in your period of non-employment, then your Enhanced Benefit Service will be increased to include your Credited Service before your rehire.

NORMAL RETIREMENT DATE

Your "Normal Retirement Date" under the Plan is either:

- if you become a participant before your 60th birthday, the first day of the month coinciding with or next following your 65th birthday; or
- if you become a participant on or after your 60th birthday, the first day of the month coinciding with or next following the latest of: (a) your 65th birthday; (b) your completion of five (5) years of Credited Service; and (c) your completion of one (1) year of participation under the Plan.

PARTICIPATING EMPLOYER

A "Participating Employer" under the Plan means all parishes or parish schools of the Diocese and any other entity or unit of an entity which is affiliated with the Roman Catholic Church in the geographical area of the Diocese of Cleveland which makes contributions to the Plan on behalf of its employees to the extent provided for in the Plan.

Also, if any agency or organization listed below is not covered by another defined benefit pension plan and chooses to be covered under the Plan, it may become a "Participating Employer" under the Plan at its election:

- the administrative offices of the Diocese;
- any Diocesan corporation;
- any social or welfare agency operated by the Diocese or by a Diocesan corporation;
- any school, institution, social or welfare agency which is owned by the Diocese or a Diocesan corporation; and
- any school or institution in the geographical area of the Diocese which is operated by a religious order but which is not owned by either the Diocese or a Diocesan corporation;

A Participating Employer, other than a parish or a parish school of the Diocese, may, with the consent of the Diocese, withdraw from the Plan. Such an Employer will be known as a "Withdrawing Employer".

If you have any question whether or not your employer is a Participating Employer, you should contact the Group Life and Pension Office of the Diocese.

<u>PLAN</u> or <u>PENSION PLAN</u>

"Plan" or "Pension Plan" refers to The Catholic Diocese of Cleveland Pension Plan.

<u>PLAN YEAR</u>

The "Plan Year" is the calendar year. Prior to January 1, 1990, the Plan Year was the 12-month period beginning November 1, and ending October 31 each year. In connection with the change in Plan Year, there was a "short" Plan Year beginning November 1, 1989 and ending December 31, 1989. The Plan Year is the Plan's record keeping period.

<u>VESTING SERVICE</u>

Your years of "Vesting Service" is the number of January firsts in all of your periods of Continuous Service unless the Special Service Rules apply (see page 14 for details).

In addition, Vesting Service may also include the periods of service in which you worked for a Participating Employer or a Withdrawing Employer after you ceased being a Covered Employee. For example, you would not be a Covered Employee if you waive participation, or if your employer becomes a Withdrawing Employer. (See page 9 for a definition of Covered Employee.)

SPECIAL SERVICE RULES

If you are a non-vested participant and you incur a Termination of Employment after July 1, 1980, your Continuous Service and Credited Service prior to the Termination of Employment will be disregarded if the period between your Termination of Employment and your rehire equals or exceeds the period of Continuous Service with which you were previously credited.

If you are a non-vested participant and you incurred a Termination of Employment prior July 1, 1980, your Continuous Service and Credited Service prior to the Termination of Employment shall be disregarded if either:

(1) your period of Continuous Service prior to your Termination of Employment was less than your period of non-employment; or

(2) your period of Continuous Service following your rehire has been less than your period of non-employment.

If your prior period of Continuous Service cannot be disregarded under the above rules, and you are reemployed after a Termination of Employment, the period of non- employment shall not be counted as Continuous Service. Your Continuous Service and Credited Service before severance shall be added to your Continuous Service and Credited Service after reemployment, if you had not started receiving your retirement benefits before your rehire.

TERMINATION OF EMPLOYMENT

For purposes of the Plan, you are considered to have a Termination of Employment when any of the following occurs:

- you retire or voluntarily terminate your employment from, or are discharged by, an employer affiliated with the Catholic Church and located within the geographic area of the Cleveland Diocese;
- if you are under an employment contract which is not renewed, the end of the employment period covered under the contract (unless your employment is otherwise continued);
- if you do not return to work:
    - at the end of an authorized leave of absence

(other than a paid leave for either sickness or disability); or

- within the time prescribed by law after the end of service in the United States military;

then the first day of such leave of absence, or military service,

- if you do not return to work after the end of a period of sick leave or disability leave for which you receive income under your employer's sick leave policy or disability program, then the last day of such paid leave.

Your employment for pension purposes does not terminate if you transfer to an affiliated employer.

SUSPENSION OF BENEFITS

If you are reemployed after a Termination of Employment and your retirement benefits had started before your rehire, then your retirement benefits will be suspended during your reemployment. Upon your later retirement, your benefits will be recalculated taking into consideration your Credited Service and Compensation at that time, and reduced by the actuarial equivalent of the retirement benefits received before the earlier of your rehire or Normal Retirement Date.

WHEN YOU CAN PARTICIPATE

In a nutshell:

All lay employees become participants under the Plan on the date they become a Covered Employee. (See page 9 for a definition of a Covered Employee.)

Generally each employee shall become a participant on the date he or she becomes a Covered Employee and shall continue to be a participant in the Plan for as long thereafter as he or she satisfies the requirements of the Plan. (See page 9 for a definition of a Covered Employee.)

Generally, once you become a participant you will continue to be a participant until you have a Termination of Employment. If you are rehired, you will again become a participant on the day you return to work. If you have a Termination of Employment before becoming vested, and are rehired, your service will be restored according to the Special Service Rules on page 14.

If you are also eligible for benefits under the Ohio State Teachers' Retirement System you may waive your right to all or part of your Plan benefits in order to be eligible to buy additional years of service under the Ohio State Teachers' Retirement System. You must select the number of years of additional benefits you wish to purchase and consequently the number of years with respect to which you are waiving participation. If you waive participation under the Plan, all Credited Service, and Enhanced Benefit Service corresponding with the years for which participation is waived, will be canceled and will not be included when computing your Accrued Pension under the Plan. Any such waiver is permanent and irrevocable. However, if you have any prior mandatory contributions, those amounts are not waived; any prior mandatory contributions will be paid in a single lump sum on the later of your Termination of Employment or waiver.

PENSION PLAN BENEFITS

In a nutshell:

Amount of Pension:

- Your Accrued Pension is normally 1% of your Average Monthly Compensation multiplied by your years of Credited Service. (See page 18.)

- The normal form of pension payable is the "Five Year Certain Form" of payment. (See Forms of Benefit Payment starting on page 25.)

- A person who has 25 years of Enhanced Benefit Service and has a Termination of Employment after he or she attains at least age 55 will have a minimum Accrued Pension of $600 per month.

- Your actual pension amount may be larger or smaller than your Accrued Pension, depending on the form of payment you select and when payments begin. (See Types of Pension Benefits and Forms of Benefit Payment starting on pages 19 and 25.)

When Benefits Are Payable:

- Normal Retirement Pension is payable at retirement on your Normal Retirement Date (page 12).

- Early Retirement Pension, if you have at least 5 years of Vesting Service and 1 year of participation and retire at or after age 55, benefits would be payable at or after retirement but not later than your Normal Retirement Date (page 20).

- Deferred Vested Pension, if you have a Termination of Employment prior to age 55 with at least 5 years of Vesting Service and after completion of 1 year of participation, benefits would be payable at or after age 55 but not later than your Normal Retirement Date (page 20).

- Pension benefits are payable only if you are living on the benefit commencement date indicated on your application for benefits.

- Surviving Spouse's Benefit, if you have been married for at least 12 months and you die after you have completed at least 5 years of Vesting Service but before your benefit payments have begun, a benefit would be payable to your surviving spouse following the later of your death or the date you would have turned age 55 (page 28).

ACCRUED PENSION

No matter how you become eligible for benefits (normal retirement, early retirement, etc.) or what form of payment you select, the first step in determining the amount of your monthly pension will be to calculate your Accrued Pension (see page 7 for definition):

(a) If you became a Plan participant on or after November 1, 1989, your Accrued Pension will be equal to 1% of your Average Monthly Compensation times your years of Credited Service.

(b) If you became a Plan participant prior to November 1, 1989, your Accrued Pension will be the greater of (a) above or the Accrued Pension computed under the Pre-November 1, 1989 Formula set forth on page 33.

(c) Your Accrued Pension will not be less than $5.00 times your years of Credited Service.

(d) If you meet all of the following requirements:

1. you have 25 years of Enhanced Benefit Service; and
2. you have a Termination of Employment after you attain age 55; and
3. you earned Credited Service on or after January 1, 1998; and
4. your employer did not withdraw from the Plan prior to January 1, 1999; and
5. your retirement benefits did not start before January 1, 1999;

then your Accrued Pension will not be less than $600.00.

Your Accrued Pension is calculated on the assumption that your pension commences at your Normal Retirement Date and is payable monthly under the Five Year Certain Form described on page 25.

NOTE: The Pre-November 1, 1989 Formula appears on page 33 of this booklet.

TYPES OF PENSION BENEFITS

In a nutshell:

You will be eligible for a:

- Normal Retirement Pension payable at your Normal Retirement Date (page 19).
- Early Retirement Pension payable at or after age 55, if you retire at or after age 55 with at least 1 year of participation and 5 years of Vesting Service (page 20).
- Unreduced Early Retirement Pension at or after age 59, if you have at least 25 years of Enhanced Benefit Service when you retire (page 22)
- Deferred Vested Pension payable at or after age 55, if you have a Termination of Employment prior to age 55 with at least 1 year of participation and 5 years of Vesting Service (page 22).
- Late Retirement Pension if you work past your Normal Retirement Date (page 24).

You must be living on the benefit commencement date indicated on your application for benefits in order for the pension benefit to be paid.

Normal Retirement Pension - Eligibility

If you retire upon your Normal Retirement Date, you will be eligible for a Normal Retirement Pension. See page 12 for a definition of Normal Retirement Date. Normal Retirement Pension payments will begin on the first day of the month coinciding with or next following your actual retirement on or after your Normal Retirement Date.

Normal Retirement Pension - Amount

At your Normal Retirement Date, you may retire and receive a full pension based on your Accrued Pension determined on your retirement date. Your pension will be paid under the Five Year Certain Form described on page 25 hereof, unless you elect otherwise. Under the Five Year Certain Form, you will receive a pension for life with the provision that, if you die prior to receiving 60 monthly payments, the balance of the 60 payments will be paid to your beneficiary. If you desire, you can elect another form of payment prior to the commencement of your retirement benefits. See the section beginning on page 25 for a discussion of forms of benefit payment.

Example: Normal Retirement Pension

John was born in 1948 and was hired by a Participating Employer in 1984. He works continuously for 29 years until he retires at age 65 in 2013. His years of Credited Service equal 29. His years of Enhanced Benefit Service also equal 29.

His Average Monthly Compensation was $3,000 and he wants his benefit paid under the Five Year Certain Form.

John's monthly retirement benefit at Normal Retirement Date is equal to his Accrued Pension computed as follows:

1% times $3,000 times 29 years of Credited Service.

.01 x $3,000 x 29 = $870.00

However, John also meets the requirements for the $600 minimum Accrued Pension. (See page 18 for details.) John's monthly retirement benefit at normal retirement is equal to $870 since it is the larger amount. John's annual pension is $10,440.00.

NOTE: Because John became a participant prior to November 1, 1989, his benefit will not be less than the benefit calculated under the Pre-November 1, 1989 Formula.

Early Retirement Pension - Eligibility

You will be eligible for an early retirement pension when you reach age 55 if, by that time, you have completed five (5) years of Vesting Service and at least one (1) year of participation in the Plan. If you have not completed five (5) years of Vesting Service and at least one (1) year of participation in the Plan by the time you reach age 55, you will be eligible for early retirement when you meet the service requirement.

As long as you have at least five (5) years of Vesting Service and at least one (1) year of participation in the Plan, you may request a reduced early retirement benefit commencing on the first day of any month, on or after your retirement, between the ages of 55 and 65.

Early Retirement Pension - Amounts

Your early retirement pension will be calculated based on your Accrued Pension determined as of the date of your early retirement. You may elect to receive your pension early or you may defer receiving your pension until your Normal Retirement Date. If you defer your pension until your Normal Retirement Date, your Accrued Pension will not be reduced because of early payment.

In lieu of deferring your pension until your Normal Retirement Date, you may choose to receive your early retirement benefit on the first day of any month after you retire up to your Normal Retirement Date. Except in limited circumstances as explained under "Unreduced Early Retirement - Eligibility" on the following page, if you choose to have payments begin before you reach age 65, the amount of each monthly payment will be reduced. The reduction is made to reflect the fact that a larger number of individual monthly payments are expected to be made when a benefit commences early. The reduction is made in accordance with actuarial factors which change from time to time. The current factors in effect as of 2024 are:

Birthday When Payments Begin	Percentage of Accrued Pension Payable	Birthday When Payments Begin	Percentage of Accrued Pension
55th	42.31%	60th	64.00%
56th	45.87%	61st	69.76%
57th	49.77%	62nd	76.15%
58th	54.06%	63rd	83.25%
59th	58.79%	64th	91.16%

Please contact the Group Life and Pension Office of the Diocese to determine the appropriate factor when you retire.

NOTE: For a person who elects to commence receiving retirement benefits early on a date which is not his birthday, the percentage payable will be appropriately adjusted.

Example: Early Retirement Pension Example

Assume that Matthew decides to take early retirement at age 55. At age 55, Matthew's years of Credited Service equal 24 years and his Average Monthly Compensation is $2,500.00.

The first step in the calculation remains the same. Using Matthew's Credited Service, the formula for his Accrued Pension is:

.01 x $2,500 x 24 Years of Credited Service = $600.00 per month

If Matthew decides to start pension payments at age 55 under the Five Year Certain Form, his pension will be actuarially reduced for each year between age 65 and age 55 (the year that payments begin) as follows:

$600.00 (benefit payable at age 65)
times
42.31% (please contact the Group Life and Pension Office for current factors)
equals
$253.86 per month (benefit payable at age 55)

Unreduced Early Retirement - Eligibility

If you take early retirement and meet all of the following requirements, then the amount of your monthly early retirement pension payment will **not** be reduced for early commencement:

1. you elect to start your early retirement benefit on or after your 59th birthday; and
2. you have at least 25 years of Enhanced Benefit Service; and
3. you earned Credited Service on or after January 1, 1998; and
4. your employer did not withdraw from the Plan prior to January 1, 1999; and
5. your retirement benefits did not start before January 1, 1999.

Example: Unreduced Early Retirement Pension

Assume that Mary decides to take early retirement at age 60 instead of working to Normal Retirement Date. Assume that, at age 60, Mary's years of Enhanced Benefit Service equals her Credited Service of 25 years and that her Average Monthly Compensation is $2,500.00. Also assume that Mary meets all the requirements for an unreduced early retirement pension described above.

The first step in the calculation remains the same as the calculation of Mary's normal retirement benefit. Using Mary's Credited Service, the formula for her Accrued Pension is:

.01 x $2,500 x 25 Years of Credited Service = $625.00 per month.

If Mary decides to start pension payments at age 60 under the Five Year Certain Form, her pension will **not** be reduced, she will receive $625.00 per month.

NOTE: As long as you remain employed by a Participating Employer or are earning vesting service in the employ of a Withdrawing Employer (even as a part-time employee), you will not be able to receive payment of your retirement pension benefits prior to your Normal Retirement Date. If you are rehired after your payments have commenced, any retirement benefit payments you were receiving will be stopped during your period of employment. See "Late Retirement Pension" on page 24 in the event you continue working after your Normal Retirement Date.

Deferred Vested Pension - Eligibility

You will become 100% vested in your Accrued Pension upon your completion of 5 years of Vesting Service. If you have less than 5 years of Vesting Service, you would be 0% vested in your Accrued Pension. Generally, once you become 100% vested, your Accrued Pension cannot be taken away from you. You may forfeit or lose your Accrued Pension if you are not 100% vested.

If you cease to be a Covered Employee because you transfer to an affiliated employer or have a Termination of Employment after completing at least 5 years of Vesting Service (100% vested), you will be entitled to a deferred vested pension based on your Accrued Pension. If you do not have 5 years of Vesting Service (you are 0% vested) when you transfer to an affiliated employer or have a Termination of Employment, your Accrued Pension will be forfeited. If you cease to be a Covered Employee because your employer withdrew from participation in the Plan, you will continue to earn Vesting Service until your Termination of Employment (or your transfer to an affiliated employer) but your Accrued Pension will not increase after the date you cease to be a Covered Employee.

<u>Deferred Vested Pension - Amount</u>

Your deferred vested pension will be calculated using your Accrued Pension, based on your Credited Service up to the date of your Termination of Employment. “Deferred” means that, generally, you will not begin receiving payments right away. Normally, payments will begin when you reach your Normal Retirement Date. However, since you had at least 5 years of Vesting Service at termination and assuming you had at least 1 year of participation in the Plan, you may elect to begin receiving your deferred vested pension on the first day of any month after you attain age 55. The same rules apply to a deferred vested pension for minimum benefits and reduction for early benefit commencement as applied to an early retirement pension.

NOTES: If the single lump sum value of your deferred vested pension is $5,000 or less, you may elect to receive the value of your deferred vested pension in a single lump sum payment upon your Termination of Employment. However, if the single lump sum value of your deferred vested pension exceeds $5,000, you will not be able to initiate any form of benefit until you attain age 55 and have completed 1 year of participation.

As long as you remain employed by a Participating Employer or are earning vesting service in the employ of a Withdrawing Employer, you will not be able to receive payment of your retirement pension benefits prior to your Normal Retirement Date. If you are rehired after your payments have commenced, any retirement benefit payments you were receiving will be stopped during your period of employment. See “Late Retirement Pension” on page 24 in the event you continue working after your Normal Retirement Date.

Example: Deferred Vested Pension

Assume that Virginia decides to leave work at age 50 instead of remaining until early or normal retirement age. At 50, Virginia's years of Credited Service equal 19 years. Since Virginia has more than five years of Vesting Service, she is 100% vested in her Accrued Pension. Assume Virginia's Average Monthly Compensation equals $1,750.00.

The calculation is the same as the earlier examples, only with fewer years of service. The formula is:

.01 x $1,750 x 19 Years of Credited Service = $332.50 per month.

$332.50 x 100% = $332.50 per month payable at age 65.

Virginia could request payments to commence as early as age 55. However, payments would be reduced to reflect early retirement (see page 20 for details).

Late Retirement Pension

If you work past your Normal Retirement Date as a Covered Employee, you will generally not commence receiving your retirement pension prior to the first day of the month coinciding with or next following the date of your Termination of Employment. The amount of your pension will be computed as of the benefit commencement date indicated on your application for benefits in order to reflect your actual years of Credited Service at your Termination of Employment.

If you work past your Normal Retirement Date but you are not a Covered Employee (i.e., you work part-time or you work for a Withdrawing Employer, or an affiliated employer who is not a Participating Employer), you shall be eligible to receive your retirement benefits upon the first day of the month coinciding with or following the later of your Normal Retirement Date or the date when you cease to be a Covered Employee. If you later become a full-time employee of a Participating Employer, you will incur a Suspension of Benefits (not be able to receive payment of your retirement benefits while you are employed and retirement benefit payments you had been receiving will be suspended during such period of employment).

Mandatory Commencement of Pension

If your Termination of Employment occurs prior to your Normal Retirement Date, you may not defer commencement of your pension beyond your Normal Retirement Date. If your Termination of Employment occurs on or after your Normal Retirement Date, your pension must commence as of the first day of the month following your Termination of Employment.

FORMS OF BENEFIT PAYMENT

In a nutshell:

- Five Year Certain Form
- 50% Joint and Survivor Form (Surviving Spouse Only)
- 66-2/3% Joint and Survivor Form (Surviving Spouse Only)
- 100% Joint and Survivor Form (Surviving Spouse Only)
- Life Annuity Form
- Period Certain Form for a 10, 15 or 20 year period
- Single Sum Form (only available for small amounts or if hired prior to July 1, 2003)

Up to this point we have seen how you become eligible to receive a pension benefit and how the Accrued Pension will be calculated. We have also seen that, upon the later of your Termination of Employment or your attainment of age 55 (provided you have completed 5 years of Vesting Service and 1 year of participation) you will have a choice as to when payments will begin. We have also seen how benefits are reduced if they are paid earlier than age 65 (unless you are eligible for an unreduced early retirement, i.e., generally have 25 years of Enhanced Benefit Service and are at least age 59).

The formula for calculating your Accrued Pension produces your pension benefit under the "Normal Form" which is the "Five Year Certain" Form of payment. This is only one of several forms of payment of benefits under the Plan. However, because the other forms of payment will involve payments over different periods, the monthly payments to you will be changed, as follows:

- if you choose the Life Annuity Form, your monthly payments will increase slightly;
- if you are eligible for and choose the Single Sum Form of payment, you will not receive monthly payments; or
- if you choose any other optional form of payment, your monthly payments will decrease.

All forms of payment are actuarial equivalents of the Five Year Certain Form of payment. That means that an actuary has determined that, under assumptions as to life expectancy and interest rates specified in the Plan, all the forms of payment have the same present value.

In making your choices, you should consider your financial situation at retirement and such factors as the age and health of you and your spouse and your Social Security income. You may wish to consult with your financial and/or tax advisor before making your decision.

When you are ready to retire, we will furnish you with a dollars and cents comparison of the pension alternatives you are most interested in. We cannot make this comparison until just before your pension will commence.

<u>Now let's look at the payment options you have</u>:

<u>Five Year Certain Form</u>

This is the "Normal Form" of benefit payment which means that you will receive your benefits in the amount of your monthly Accrued Pension under this form unless you elect another form of benefit. If you receive benefits under this form and die before you have received 60 monthly payments, your beneficiary will receive the rest of the 60 payments.

If you live more than five years (60 months), you will continue to receive your monthly payments for the balance of your lifetime. Upon your death, all payments will cease.

<u>Joint and Survivor Form (Available Only to Participants with Spouses)</u>

Under the Joint and Survivor Form, a reduced monthly benefit is payable to you for as long as you live. Upon your death, your surviving spouse will receive 50%, 66-2/3% or 100% (as you designate when you elect this form) of your monthly benefit for as long as she or he lives. The amount of your monthly benefit will be the actuarial equivalent of your Accrued Pension and will depend upon such factors as your selected percentage, your age and the age of your spouse when you begin receiving benefits. The Group Life and Pension Office of the Diocese will provide a dollars and cents comparison when retirement time arrives if you wish.

You should be aware that after your benefit commences, the benefit amount will not change even if your spouse predeceases you and you remarry. In such an event, all benefits will cease when you die and no benefit is payable after your death.

<u>Life Annuity Form</u>

This option provides an increased monthly pension payment for your life with no further payments after your death. The Life Annuity Form is the actuarial equivalent of the Normal Form and consequently provides the highest monthly benefit available to you.

<u>Period Certain Form</u>

Under this form you will receive a reduced monthly pension payment for life and a period certain (either 120, 180, or 240 payments) which you designate.

If you elect this form of benefit and die before you have received 120, 180, or 240 period certain payments (as you designate), your beneficiary will receive payments for the balance of the designated period certain.

If you live past the designated number of certain payments, you will continue to receive your monthly payments for the balance of your lifetime. Upon your death, all payments will cease.

Single Sum Form

You may elect this form of benefit if either:

- you were initially hired before July 1, 2003; or
- the single lump sum value of your vested pension is $5,000 or less.

If you were hired on or after July 1, 2003, and the single lump sum value of your vested pension is more than $5,000, you may not elect this form of benefit.

If you are eligible for and elect this form of benefit you will receive the actuarial present value of your retirement benefit in one lump sum payment in full settlement of all your claims under the Plan. No retirement benefits will be payable after the distribution of the lump sum payment. You may elect to have a Single Sum Form of benefit transferred directly from the Plan to an Individual Retirement Account (IRA) or a qualified retirement plan of a successor employer and continue the tax deferral of investment earnings. If you do not directly transfer your Single Sum Form of benefit to an IRA or other qualified retirement plan, 20% withholding taxes will be taken out of the distribution and you will be required to pay any additional tax on the distribution, if applicable.

In determining the amount payable under the Single Sum Form of payment, the Plan uses the RP2000 Combined Health Mortality Table with 20% males and 80% females assumed and the greater of the annual rate of interest on 30-year Treasury securities for the month of November next preceding the calendar year that contains the date of distribution, or the applicable rate set forth in the Plan which is 7.5%.

Before deciding on your form of payment, you should have up to date information concerning tax consequences. At the end of the year in which the Single Sum Form of benefit is paid, both you and the Internal Revenue Service are notified of the distribution via the appropriate government form in use.

NOTE: If you should die before your pension benefits have begun, any election you made is cancelled and the only benefits which may be payable would be the Surviving Spouse's Benefit described on page 28.

DEATH BENEFITS

In a nutshell:

- Before Benefit Commencement: Your spouse may receive a Surviving Spouse's Benefit if you die after you have either completed at least 5 years of Vesting Service or attained your Normal Retirement Date and before your benefit payments have begun.

- Death benefits after benefit commencement, if any, depend on the form of payment under which you are receiving your benefits.

Surviving Spouse's Benefit

The Plan provides an income to your spouse for his or her lifetime if you should die prior to commencement of your retirement benefits. To be eligible for this benefit you must have completed at least five (5) years of Vesting Service (or attained your Normal Retirement Date while employed by a Participating Employer) and must not have begun to receive your pension benefits. Your spouse will be eligible to receive this benefit only if you are married as of your date of death and were married for the full twelve (12) months prior to your death. The amount of benefit under this form is the amount which would have been payable to your spouse under the 50% Joint & Survivor Form computed:

- Based upon your Accrued Pension on the earlier of your date of death or Termination of Employment;

- As though you had commenced receiving your retirement benefits under the 50% Joint & Survivor Form on the later of your 55th birthday or date of death; and

- As though you had died immediately thereafter.

This benefit will be paid commencing on the first day of the month following the later of the day you died or your 55th birthday. In addition, if you die while you are in "qualified military service," you will be considered to have been reemployed immediately prior to your death for the purpose of determining whether your surviving spouse is eligible for a Surviving Spouse's Benefit.

Post-Retirement Death Benefits

If you die after your retirement benefits commence, the amount and duration of the benefits, if any, to be paid upon your death will be in accordance with the form of payment you elected at the time the benefit commenced (see Forms of Benefit Payment starting on page 25 for details).

OTHER IMPORTANT FACTS ABOUT YOUR PLAN

What Does It Cost?

Your employer will make all contributions actuarially necessary to provide your pension benefits under this Plan. You do not have to and are not permitted to make any contributions to the Pension Plan whatsoever.

Making Elections

Any elections or choices you may make under the Plan need to be in writing. These elections include:

- benefit commencement dates,
- choosing an optional payment form, and
- beneficiary designations.

The Group Life and Pension Office of the Diocese will provide the forms for making these elections and, where appropriate, will give you an explanation and financial illustration of the available choices.

Prohibition Against Alienation or Assignment

You cannot, under any circumstances, assign or pledge your rights to benefits under the Plan and cannot use your rights to benefits as security for a loan. In the event you become separated or divorced, neither you nor a court of law may assign or pledge any of your rights to benefits under the Plan to your spouse, your former spouse or a child. The rules for Qualified Domestic Relations Orders do not apply to the Plan and the Plan does not recognize such orders.

Amendment and Termination of Plan

The Diocese intends to continue the Plan indefinitely. However, it reserves the right to amend or even terminate the Plan. If the Plan is terminated, you will automatically become fully vested in the benefits you have accrued as of the Plan termination date to the extent they are then fully funded. If there are insufficient assets in the Plan, some benefits may not be paid. The Plan's assets, if insufficient to pay all benefits, will be distributed to retirees and Plan participants in accordance with certain priorities set forth in the Plan document.

Upon termination of the Plan, the money which has been contributed to the trust fund must be used to provide the benefits described in this Booklet, to the extent accrued. If money remains in the Plan after all Plan liabilities have been paid, the excess funds may be returned to the Participating Employers.

Withholding of Income Taxes

Internal Revenue Service regulations require automatic withholding of Federal income taxes from Pension Plan payments including the Single Sum Form. This mandatory tax withholding will not apply where your Single Sum Form of payment is transferred directly into an Individual Retirement Account or another qualified retirement plan.

If your pension payments are payable under any form other than the Single Sum Form, you may elect not to have withholding apply. The Group Life and Pension Office of the Diocese will supply you with a form which you may use to elect out of withholding. You should be aware, however, that if you elect not to have withholding apply or do not have enough withholding apply, you may be responsible for payment of quarterly estimated taxes.

Social Security

In addition to benefits under the Pension Plan, retirement benefits are available from Social Security. Both you and your employer contribute toward your Social Security retirement benefits. In most years, both you and your employer have contributed the same percentage toward your Social Security.

You can begin receiving Social Security retirement benefits as early as age 62, and your monthly benefit will continue for as long as you live. In addition, Social Security may provide survivor income for your spouse or dependent children after your death.

The amount of this income will depend on the years of covered employment and your earnings in each year.

The Social Security Administration has free publications which explain the available benefits.

ADMINISTRATIVE INFORMATION

1.	**Plan Name**	The Catholic Diocese of Cleveland Pension Plan
2.	**Plan Number**	001
3.	**Plan Sponsor**	The Catholic Diocese of Cleveland 1404 East Ninth Street, 8th Floor Cleveland, Ohio 44114
4.	**Type of Plan**	Defined Benefit
5.	**Plan Administrator**	Group Life and Pension Office of the Diocese Catholic Diocese of Cleveland 1404 East 9th Street, 8th Floor Cleveland, Ohio 44114
6.	**Type of Administration**	The Group Life and Pension Office of the Diocese is responsible for carrying out the provisions of the Plan and for determining the rights of all parties claiming benefits under the Plan.
7.	**Plan Year**	Each Plan Year begins on January 1 and ends on the following December 31.
8.	**Trustee**	PNC Bank, is the Trustee of the Plan. The Trustee receives contributions to the Plan, manages and invests the amounts contributed, and makes payments as directed by the Plan Administrator. Correspondence to the Trustee should be addressed to: PNC Bank 1900 East Ninth Street Cleveland, OH 44114 Prior to its acquisition by PNC Bank, National City Bank, N.A. was the Trustee of the Plan.

9. **Claims Procedure**

When you (or, in the event of your death, your spouse or beneficiary) believe you are entitled to receive a benefit from the Pension Plan, you should contact the Group Life and Pension Office of the Diocese. The Group Life and Pension

Office of the Diocese will provide and assist you in completing any written forms that may be required. Normally, you will receive a response from the Group Life and Pension Office of the Diocese, granting or denying your claim, within ninety (90) days after the date you submit your claim; however, if special circumstances require a longer time for processing your claim, you will be notified during the initial 90-day period that an extension of up to an additional 90 days may be required. The extension notice will explain why additional time is required to process your claim and will indicate the date by which the Group Life and Pension Office of the Diocese expects to render its final decision. If additional information or material is necessary to complete the claim process, this extension notice will also explain what is needed and for what purpose.

10. **Claims Review Procedure**

If your claim is denied in whole or in part, you will be given a written notice, explaining in plain language why your claim was denied and referring to the specific Plan provision on which the denial is based. You will be informed in this notice of the steps you should take if you wish to have your claim reviewed by a Pension Committee appointed by the Bishop.

A request for review should be submitted within 60 days after receipt of the notice denying your claim and you must specify any and all reasons you believe the denial should be reversed. Upon review, you have the right to have representation, to review pertinent documents relating to the denial, and to submit issues and comments in writing. The Pension Committee's decision on review will be furnished in writing and will include specific reasons for the decision written in plain language, as well as specific references to the Plan provisions on which the decision is based. You will be given the Pension Committee's decision no later than 60 days after you file your request for review, unless special circumstances require an extension of time. You will be notified within the initial 60 day period if an extension will be required. The extension period will not exceed an additional 60 days. This review procedure is the sole method of contesting a denial of a claim and is final and binding on both you and the Diocese and is in lieu of all forms of actions at law, in equity, pursuant to arbitration or otherwise.

PRE-NOVEMBER 1, 1989 FORMULA

If you were a participant in the Plan prior to November 1, 1989, your Accrued Pension shall not be less than an amount equal to (a) plus (b) below:

(a) Regular Credited Service (for your years of actual Plan participation):

50% of your Average Monthly Compensation
minus
50% of your monthly Social Security Benefit
times
Your number of years of Regular Credited
Service (up to 30 years)
divided by
thirty (30);

(b) Special Credited Past Service (for your years of Credited Service prior to your date of Plan participation - if any):

50% of your "Entry Date" Average Monthly Compensation
minus
50% of your "Entry Date" Social Security Benefit
times
Your Years of Special Credited Past Service
divided by
thirty (30)

COMMENTS: In no event can the sum of your Regular Credited Service and Special Credited Past Service exceed thirty (30) years.

"Entry Date" Average Monthly Compensation and "Entry Date" Social Security Benefit refer to amounts which were determined on the date you first became a participant in the Plan and which have not subsequently changed.

If you would like additional information concerning the Pre-November 1, 1989 Formula, you may call the Group Life and Pension Office of the Diocese: (216) 696-6525, Ext. 5040.