ARCHDIOCESE OF MILWAUKEE LAY EMPLOYEES' PENSION PLAN

PROVIDING FOR TOMORROW…

YOUR ARCHDIOCESAN PENSION PLAN

This booklet describes the pension benefits in existence on January 1, 2006 for employees who retire or terminate employment after January 1, 2006. Benefits for employees who retire or terminate before that date are governed by the provisions in effect at the time they leave the employment of the Archdiocese of Milwaukee and its parishes and schools. A short description of the structure of benefits since the inception of the plan appears at the end of this booklet.

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PROVIDING FOR TOMORROW

Most of us look forward to enjoying our retirement. But providing for tomorrow means planning and preparing for your retirement today. Your Pension Plan benefits work with Social Security and your personal savings to help provide you with the financial security you need to retire comfortably.

What do you look forward to when you retire? Will you take a special trip? Spend more time with your family? Take up a new hobby? Try a second career? Or just take the time to relax and enjoy life?

Most of us look forward to retirement. But providing for tomorrow requires more than looking forward to the future. It takes careful planning and preparation – and money.

Three sources of income – your Archdiocese of Milwaukee Lay Employees' Pension Plan, Social Security and your personal savings – can help provide the money you'll need to be prepared for retirement.

1. **Your Archdiocesan Plan**
   The Archdiocese of Milwaukee and its parishes and schools regularly save money for your retirement. Some of the money goes into your Archdiocese Pension Plan – the first source of your retirement income. The Pension Plan provides a lifetime source of monthly retirement income based on your years of membership service in the Plan, your final average pay as an employee of the Archdiocese, and the established percentage factor in your pension formula.

2. **Social Security**
   The rest of the money the Archdiocese and its parishes and schools contribute goes to Social Security, which provides monthly retirement payments, survivorship benefits, Medicare and disability coverage.

   For every dollar you pay in Social Security taxes, your employer also pays one dollar toward your Social Security benefits. Social Security is the second source of lifetime retirement income.

3. **Your Personal Savings**
   The third source of income for your retirement is your personal savings. Remember, it's never too early to begin saving for retirement. Saving just a few dollars now can mean the difference between just making ends meet and enjoying a comfortable retirement.

   You may want to invest your savings in a Tax-Sheltered Annuity (TSA) or an Individual Retirement Account (IRA). Personal savings programs such as TSAs and IRAs can be an important part of your total retirement income.

This booklet explains the benefits you can receive through the Archdiocese Lay Employees' Pension Plan when you retire. Please read it carefully and share it with your family. Keep it as a handy reference. If you have any questions about your Pension Plan, please contact your coordinator of employee benefits or the plan administrators at the Archdiocese of Milwaukee at (414) 769-3317.

Becoming a Member

As a full-time lay employee, you automatically become a member in the Archdiocese Pension Plan after you complete one year of service. And the Archdiocese of Milwaukee and its parishes and schools pay the full cost of your Pension Plan benefits.

All full-time lay employees of the Archdiocese and its schools and parishes automatically become members in the Pension Plan after completing one year of service. You're a full-time employee if you work 30 hours or more a week for eight consecutive months a year.

You pay nothing for these benefits. To provide pension benefits when you retire, the Archdiocese, school or parish that employs you makes contributions to the Pension Trust Fund.

Your membership continues as long as you continue to work for the Archdiocese and its parishes and schools. And, once you qualify for a pension, your membership continues for the rest of your life.

How Your Pension Plan Works

Once you're a member of the Pension Plan, you begin earning credit for each year of membership service as a full-time employee of the Archdiocese and its parishes and schools. When you have completed five continuous years of membership service, you are eligible to receive a lifetime pension when you retire.

After you become a member in the Pension Plan, you begin building your pension service. For each year you work at least 30 hours a week for eight consecutive months, you earn credit for one year of membership service.

Once you earn five continuous years of membership service, you qualify for a lifetime pension when you reach retirement age.

When You Can Retire

You can retire as early as age 60 and receive pension benefits. Or you can retire at normal retirement – age 65, or anytime after age 65. Your Pension Plan benefits also provide a lifetime source of retirement income if you become unable to work because of a disability.

Early Retirement

You can retire as early as age 60 if you leave full-time employment of the Archdiocese or its parishes and schools with at least five continuous years of membership service. (Remember, membership service begins after a one-year waiting period for participation in the Pension Plan.)

However, if you retire early, your monthly pension benefits will be reduced since it is likely you will receive them over a longer period of time. The younger you are when your pension starts, the more checks you'll receive during your lifetime. Your pension benefit will be reduced 5% for each year (5/12ths of 1% for each month) prior to age 65 if you terminate active employment at age 60 or older. If you terminate active employment before age 60 with at least five continuous years of membership service, your pension benefit will be reduced 6-2/3% for each year prior to age 65.

Your Age at Retirement	Percentage of Normal Retirement Benefit You Receive
65	100% (No Reduction)
64	95%
63	90%
62	85%
61	80%
60	75%

If you retire early, you can choose a lifetime annuity or joint and survivor annuity (see page 7).

Normal Retirement

Normal retirement begins at age 65. You will receive your full pension benefits according to the formula when you retire on or after the normal retirement age with at least five continuous years of membership service. If you retire at age 65 or later, you can choose a lifetime annuity or a joint and survivor annuity (see page 7).

Vested Termination

If you leave the employment of the Archdiocese and its parishes and schools and have five years of membership service, you will be eligible for a deferred vested pension when you reach age 60. Your benefit will be reduced 6-2/3% for each year prior to age 65.

Disability Retirement

If you are unable to work because you become totally and permanently disabled and you have at least 10 years of membership service, you may receive a lifetime disability pension. Your pension begins as soon as your disability is certified. However, your benefits will be reduced if payments begin before age 65. The reduction for disability is different from that made for early retirement. For more information, please contact your coordinator of employee benefits or the plan administrators.

Applying for Your Pension

When you are ready to retire and want to begin receiving your pension, you must notify the administrators of the Archdiocese of Milwaukee Lay Employees' Pension Plan at P.O. Box 070912, Milwaukee, Wisconsin 53207-0912. They will send you the forms you need to apply for your pension. You should also inform the plan administrators if your address changes during your retirement.

If you terminate with a vested pension, be sure to apply for your benefits at least 30 days, but no more than 90 days, before you want payments to begin. (Deferred vested benefits are not payable before age 60.)

HOW MUCH YOU'LL RECEIVE

Your Pension Plan benefits are based on your total years of membership service, your final average pay as an employee in the Archdiocese, and the established percentage factor in your pension formula.

When you retire, your monthly pension will be based on your years of membership service, your final average pay, and a percentage factor. Your monthly Pension Plan benefits will be calculated using the following formula:

Years of Membership Service	x	1.35%	x	Final Average Monthly Pay	=	Monthly Pension Benefit at Age 65

To determine your annual pension benefit, multiply your monthly pension benefit by 12. Pension amounts are calculated assuming your payments begin at age 65. If you retire earlier than age 65 and/or you choose a form of payment that provides survivor protection, other adjustments may be made to the formula.

Years of Membership Service means the total number of years of service since you became a member of the Pension Plan.

Final Average Monthly Pay is your average monthly basic pay during your three highest paid years of salary history. That means your pension increases as your pay increases. This also means your pension will be based on the highest pay you receive during your career. Overtime and other special pay, such as coaching, do not count toward basic, pay. However, the value of lodging and meals for housekeepers does count toward base pay.

The following examples show how the pension formula works. The first is an example of normal retirement on or after age 65. The second and third are examples of early retirement at age 60. They show how the adjustment is made when pension payments begin before age 65.

Example One: Normal Retirement

Jane Adams retires at 65 with 30 years of membership service. Her final average pay is $3,000 a month. Her pension benefits would be calculated as shown below.

30	x	1.35%	x	$3,000	=	$1,215
Years of Membership Service				Final Average Monthly Pay		Monthly Pension Benefit at Age 65

Jane's annual pension benefit would be $14,580 ($1,215 x 12 = $14,580).

Example Two: Early Retirement (Employment Ends at Age 60)

Jim Brown retires at 60 with 20 years of membership service. His final average pay is $2,400 a month. His pension benefits would be calculated as shown below.

Step One: Determine the Normal Retirement Benefit

20	x	1.35%	x	$2,400	=	$648
Years of Membership Service				Final Average Monthly Pay		Monthly Pension Benefit at Age 65

Jim's annual pension at age 65 would be $7,776 ($648 x 12 = $7,776).

Step Two: Reduce the Benefit for Early Retirement

Jim can receive his full pension if he delays his payments until age 65. Or he can receive a permanently reduced pension beginning as early as age 60. If Jim begins payments at age 60, his monthly pension benefits will be reduced by 25% (5 years x 5% = 25%).

	$648	Monthly Pension at Age 65
-	$162	(25% reduction)
	$486	Reduced Monthly Pension

Example Three: Early Retirement (Employment Ends Before Age 60)

Chris Smith leaves the Archdiocese at age 58 with 20 years of membership service. Her final average pay is $2,400 a month. Her normal retirement benefit would be calculated just like in Example Two.

Step One: Determine the Normal Retirement Benefit

20	x	1.35%	x	$2,400	=	$648
Years of Membership Service				Final Average Monthly Pay		Monthly Pension Benefit at Age 65

Chris' annual pension at age 65 would be $7,776 ($648 x 12 = $7,776).

Step Two: Reduce the Benefit for Early Retirement

Chris can receive her full pension if she delays her payments until age 65. Or she can receive permanently reduced pension beginning as early as age 60. If Chris begins payments at age 60, her monthly pension benefits will be reduced by 33-1/3% (5 years x 6-2/3% = 33-1/3%).

	$648	Monthly Pension at Age 65
-	$214	(33-1/3% reduction)
	$434	Reduced Monthly Pension

Even though Chris in Example 3 and Jim in Example 2 both have identical service and final average pay, and both begin payments at age 60, Chris' benefits are reduced more for early retirement. That's because Chris' employment ended before age 60, and Jim's did not.

ESTIMATING YOUR PENSION

The chart on the next page is a useful tool to help determine roughly what your Pension Plan benefits could be.

Here is an easy way to estimate your benefits from the Archdiocese of Milwaukee Lay Employees' Pension Plan.

1. Estimate your years of membership service when you retire at age 65.
2. Estimate your final average monthly pay.
3. Find the box where your years of service and average monthly pay intersect. That amount is your estimated monthly pension beginning at 65.

Monthly Pension Benefit at Age 65

Average Monthly Pay	Years of Membership Service						
	5	10	15	20	25	30	35
$ 2,000	$ 135	$ 270	$ 405	$ 540	$ 675	$ 810	$ 945
2,200	149	297	446	594	743	891	1,040
2,400	162	324	486	648	810	972	1,134
2,600	176	351	527	702	878	1,053	1,229
2,800	189	378	567	756	945	1,134	1,323
3,000	203	405	608	810	1,013	1,215	1,418
3,200	216	432	648	864	1,080	1,296	1,512
3,400	230	459	689	918	1,148	1,377	1,607
3,600	243	486	729	972	1,215	1,458	1,701
3,800	257	513	770	1,026	1,283	1,539	1,796
4,000	270	540	810	1,080	1,350	1,620	1,890
4,200	284	567	851	1,134	1,418	1,701	1,985

For example, if your average monthly pay is $2,400 with 30 years of membership service, your monthly pension benefit would be $972 based on the factor of 1.35%.

Remember, your Pension Plan benefits are only one part of your retirement income. For your total retirement income, you'll need to add Social Security and your own personal savings.

Receiving Your Pension Benefits

Your Pension Plan provides you with a lifetime annuity when you retire. You can also choose one of several payment options. You may want to choose one of the three Survivor Options. Or, if you retire early, you can choose the Level Income Option to coordinate your pension benefits with Social Security.

Your Pension Plan offers you the flexibility to provide for tomorrow through a choice of payment options. These options cover early retirement before Social Security begins, as well as survivor protection after early or normal retirement. You'll automatically receive a lifetime annuity unless you elect an option.

The Survivor Option

By filing an application with the Archdiocese, you may designate your spouse (or any dependent approved by the Archdiocese) as your beneficiary. If you choose this option, you will receive a reduced pension for your lifetime since it is likely your beneficiary will also be receiving benefits. After your death, your surviving beneficiary receives an equal or smaller monthly amount for his or her lifetime, depending on the payment option you choose.

You have three choices under this option.

Option 1: You receive a reduced lifetime pension. After your death, your beneficiary receives the same monthly amount for his or her lifetime.

Option 2: You receive a reduced lifetime pension. After your death, your beneficiary receives 75% of your reduced monthly pension for his or her lifetime.

Option 3: You receive a reduced lifetime pension. After your death, your beneficiary receives 50% of your reduced monthly pension for his of her lifetime.

The larger your beneficiary's pension, the greater the reduction in your own pension.

The Level Income Option

If your early pension starts before you qualify for Social Security at age 62, you may want to consider the Level Income Option. This option coordinates your pension benefits with Social Security, increasing your monthly pension amount before you qualify for Social Security and reducing your monthly pension amount after you qualify for Social Security. In this way, the Level Income Option enables you to count on an approximate level income throughout your retirement.

Choosing Your Pension Benefit Options

When you apply for your pension benefit, the plan administrator will send you a form so you can choose the pension benefit option most suitable for you. If you do not elect an option, you'll receive a lifetime annuity for yourself only.

IF YOU LEAVE

Generally, you need five years of continuous membership service to qualify for a pension. However, there are certain circumstances when you can change or suspend your employment status without losing the service and benefits you have earned.

Transfers

If you transfer directly from one participating school or parish to another without interrupting your membership service, your service at both organizations counts toward qualifying for, and determining the amount of your pension.

Changing from Full-Time to Part-Time Status

Changing from full-time to part-time status doesn't break the continuity of your service as long as you do not terminate your employment before you make the switch. But part-time service or periodic substitute teaching does not count toward qualifying for or figuring the amount of your pension. Periodic substitute teaching after termination of full-time employment is temporary employment and therefore does not qualify you for part-time status or count toward qualifying for a pension benefit.

Leave Of Absence

If you take an approved leave of absence, your membership service before and after your leave will count. However, the time during your leave does not count toward your membership service.

Terminating Your Employment

If you leave the employment of the Archdiocese or its parishes and schools and have five years of membership service, you may be eligible for a deferred vested pension when you reach 60.

Re-employment

If you terminate employment after qualifying for a pension and are later re-employed by the Archdiocese and its parishes and schools, the earlier and later periods of service both count.

If you terminate before qualifying for a pension and are re-employed within 18 months after termination, the earlier and later periods of service both count. Also, upon rehire you do not have to satisfy another one-year waiting before your prior service is credited. However, if you are not re-employed within 18 months after termination and later return to full-time employment, the earlier period of service does not count.

If you return to full-time employment while receiving a pension, your pension payments will be suspended. Your payments will be resumed once you stop working, and the benefit will be adjusted to include the additional years of service and possibly higher earnings.

School Closing or Position Termination

If you leave the Archdiocese and its parishes and schools because your school or parish is closed or because your position is discontinued, you will immediately qualify for your pension regardless of your membership service and it will be payable beginning at age 60.

Pension Protection for Your Spouse

Your Pension Plan automatically provides your spouse with a lifetime pension if you die while employed after age 50 with at least 10 years of membership service. Your spouse's pension benefit would be equal to 50% of the pension you would have received at normal retirement.

Your plan automatically provides pension protection for your spouse after you reach age 50 and complete 10 years of membership service. The protection continues as long as you are an employee of the Archdiocese and its parishes and schools and a member of the Pension Plan. It ends when you leave the employment of the Archdiocese and its parishes and schools or retire.

If you die while the protection is in effect, your surviving spouse will receive a lifetime monthly pension equal to 50% of the pension you would have received if you had qualified for a normal retirement pension benefit on the date of your death.

For example, Jim Brown's, normal pension benefit is $648 a month (see the example on page 5.) If he died at age 60 instead of retiring, his widow would receive a lifetime pension of $324 each month ($648 x 50% = $324).

What Social Security Adds

For every dollar you pay in Social Security taxes, your employer also pays a dollar toward your Social Security benefits. These benefits include monthly retirement payments, survivorship benefits, Medicare and disability coverage for you and your dependents.

In addition to providing you with the Pension Plan, the Archdiocese also contributes to your Social Security benefits. You can receive your monthly Social Security retirement benefits as early as age 62. However, they are reduced if they begin before you reach your Social Security retirement age (age 65 to age 67, depending on your year of birth).

Your spouse may receive Social Security benefits based on your taxed pay. The amount is 50% of your benefits if both of your benefits start at 65. If your spouse worked outside the home, your spouse may receive a higher amount on the basis of his or her taxed pay.

You can get more information about Social Security by reviewing your annual Social Security statement or by contacting your local Social Security office.

WHAT YOUR PERSONAL SAVINGS ADD

Your personal savings are an important part of providing for tomorrow. There are several kinds of investment opportunities you can use to save for your retirement. Remember, the earlier you start saving, the more financial security you'll have when you retire.

Your personal savings are a very important part of providing for tomorrow. The following chart will give you an idea of how regular monthly savings can accumulate, providing you with a nice nest egg at retirement. As you can see, it's never too early to start saving for retirement.

How Your Personal Savings Can Grow
Projected Account Values

Monthly Contribution	Years of Saving 10	15	20	25	30
$ 20	$ 3,421	$ 6,222	$10,151	$15,661	$ 23,389
40	6,842	12,444	20,301	31,322	46,778
60	10,263	18,666	30,452	46,983	70,167
80	13,684	24,888	40,603	62,643	93,556
100	17,105	31,110	50,754	78,304	116,945

Assumed Investment Return = 7.00% (net of taxes)

There are several types of investment opportunities you can use to save for your retirement. And some offer special tax advantages, too.

As an employee of the Archdiocese of Milwaukee, you have the opportunity to contribute to a Tax-Sheltered Annuity (TSA). A TSA offers a convenient way to provide for tomorrow while saving money on taxes today. You regularly contribute to your TSA through before-tax payroll deductions. Since you contribute to your TSA before taxes are applied, your taxable pay is lowered and you save money on taxes. You can invest your contributions in a variety of funds, and any investment earnings also grow tax-free.

You might also consider opening an Individual Retirement Account (IRA). With an IRA, you can contribute up to $4,000 (in 2006) each year in after-tax money, and then deduct your contributions from your taxable income. However, the amount you can deduct from your taxable income has some limitations based on your income and participation in employer-sponsored plans.

For more information about TSAs and IRAs, please see your coordinator of employee benefits or the plan administrators.

PENSION INCOME WORKSHEET

Use the worksheet below to compute your estimated benefit from the Archdiocese Pension Plan. Follow instructions and fill in the blanks.

Archdiocese Pension Plan Benefits

Estimate your years of service and your estimated final average monthly pay. Then fill in the blanks and use the formula below to figure your pension benefits.

___________	x	1.35%	x	____________	=	______________
Years of Membership Service				Final Average Monthly Pay		Normal Monthly Pension Benefit

If you plan to retire early, fill in the blanks and use the formula below to figure your pension benefit reduction. The reduction percentage depends on your age when your employment ends: 5% if you terminate at age 60 or older, 6-2/3% if you terminate before age 60.

(65 - _______)	x	5% or 6-2/3%	x	____________	=	______________
Estimated Retirement Age				Normal Monthly Pension Benefit		Pension Benefit Reduction

Now subtract your Pension Benefit Reduction from your Monthly Pension Benefit.

Total Monthly Pension Benefit ______________

OTHER FACTS YOU SHOULD KNOW

This section explains the administration and financing of your Pension Plan.

Administration

The plan is administered by the Archdiocese of Milwaukee with the assistance of the administrators it appoints. The administrators authorize benefit payments, answer questions and administer the provisions of the plan to ensure it is fair to everyone.

Financing the Plan

The Archdiocese and its schools and parishes make regular contributions to the Archdiocese of Milwaukee Lay Employees' Pension Trust. The trust is held by US Bank Institutional Trust & Custody. The trust's assets can be used only as prescribed by the plan.

Official Document

This booklet describes the highlights of your Pension Plan. Although it contains a lot of information, it does not give you all the details. That's the purpose of the plan document, which alone governs all rights and benefits. The plan document is available for examination at each parish and school. Your Pension Plan is intended to be permanent, but the Archdiocese reserves the right to amend or terminate it at any time. In no event can money be paid into the plan by the parishes, schools or Archdiocese be returned unless all the plan obligations are fully satisfied.

TERMS YOU SHOULD KNOW

Certain words are important for you to know in order to understand your Pension Plan. Please read this section carefully to become more familiar with these important terms.

Base Pay
Basic compensation paid to you by your employer for services rendered, including TSA contributions and flex plan salary reductions but excluding overtime and any payments for coaching, monitoring or other services above and beyond normal job duties. The value of lodging and meals normally provided to certain employees may be included in base pay.

Beneficiary
A beneficiary is the person you name to receive your benefits in the event your death.

Deferred Vested Pension
You may be eligible for a deferred vested pension if you leave the employment of the Archdiocese and its parishes and schools, depending on when you terminated employment.

Early Retirement
Early retirement can occur if you are at least age 60 but not yet age 65 and have at least five continuous years of membership service.

Eligibility
Eligibility refers to whether you are allowed to receive a benefit from the Pension Plan. You are eligible to receive a pension after you complete five years of membership service.

Final Average Monthly Pay
Final average monthly pay is your average monthly basic pay during your three highest-paid years of all years of service while employed with the Archdiocese.

Individual Retirement Account (IRA)
An IRA is a personal savings account for retirement with special tax status. You can contribute to an IRA and deduct your contributions on your income taxes. However, IRAs do have some restrictions based on your income and other factors.

Level Income Option
If you retire before your Social Security benefits begin, the level income option coordinates your pension benefit payments with Social Security, increasing your monthly pension amount before you qualify for Social Security, and reducing it after you qualify for Social Security.

Lifetime Annuity
A lifetime annuity is a contract that provides retirement income for your lifetime.

Normal Retirement
Normal retirement begins at age 65 with at least five years of membership service.

Survivor Option
The survivor option provides retirement income for your beneficiary after your death. Your Pension Plan offers three different survivor options.

Tax-Sheltered Annuity (TSA)
A TSA is an annuity that provides retirement income for employees of certain tax-exempt schools and organizations. Contributions are made on a before-tax basis through payroll salary reductions.

Year of Membership Service
You earn one year of membership service for each year you work 30 hours or more a week for eight consecutive months.

IMPROVEMENTS TO YOUR PENSION PLAN

Your Pension Plan benefits have been improved several times over the years. This section summarizes the improvements. Remember, the pension benefits you receive when you retire will be based on the provisions in effect on the date of your retirement, or the date you left employment of the Archdiocese and its parishes and schools.

October 1970	The current plan was established, replacing the old plan administered by the Catholic Knights Insurance Society. The pension formula was 0.75% of covered monthly compensation times years of service. Employees qualified for a pension after ten years of membership service.
October 1971	Participating employers began contributing to the plan.
October 1975	Benefit payments under the plan began.
October 1983	The pension formula factor was increased from 0.75% to 0.85%. Plus, employees could qualify for a pension after only five years of membership services instead of ten, and the survivor's pension was added for spouses of active members who die after age 50 with at least ten years of service.
October 1986	All employees in the Archdiocese and it parishes and schools became eligible for pension credit. The pension formula factor was increased from 0.85% to 0.90%.
January 1989	The pension formula factor was increased from 0.90% to 1.00%.
October 1990	The membership requirements were reduced from age 30 and one year of service to just one year of service. The pension formula factor was increased from 1.00% to 1.10%.
July 1, 1993	Early retirement benefits are provided to current and future terminated vested employees who terminate employment before age 60. Benefits can begin any time after age 60, with a reduction of 6 2/3 % for every year before age 65. Participants can elect a joint and survivor option at the time of retirement. Persons retiring early may also elect a joint and survivor option. The plan provides potential pension credit for former religious, employed as lay employees as of July 1, 1993.
October 1, 1995	The pension formula was increased from 1.10% to 1.15%. The plan was amended to recognize prior service for non-vested, terminated employees who are rehired within 18 months after terminating employment.
October 1, 1996	The pension formula factor was increased from 1.15% to 1.20%.
January 1, 1998	The pension formula factor was increased from 1.20% to 1.25%
January 1, 1999	The earnings used in the formula was changed from the highest five (5) consecutive years of the last 10 years of service to the highest five (5) of all years of service.
April 1, 1999	The pension formula factor was increased from 1.25% to 1.30%
April 1, 2000	The pension formula factor was increased from 1.30% to 1.35%. The earnings used in the formula was changed from the highest five (5) of all years of service to the highest three (3) of all years of service.