

SUMMARY PLAN DESCRIPTION

RETIREMENT PLAN FOR PRIESTS
OF THE
ARCHDIOCESE OF KANSAS CITY IN KANSAS

Effective July 1, 2015

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INTRODUCTION

The Archdiocese of Kansas City in Kansas and the Archbishop, in his responsibility to the Priests of the Archdiocese, want to ensure stable and adequate retirement benefits for the clergy of the Archdiocese who complete a period of faithful priestly service.

The Retirement Plan for Priests summarized in this plan description is fully described in a formal Plan document that was restated in its entirety as of January 1, 1996, and last amended effective July 1, 2005. This summary plan description reflects Plan provisions as in effect on July 1, 2015.

The Retirement Plan restatement and subsequent amendments have been completed in the context of the broader considerations that:

- the Priests are unique in their service, commitment and ordination;
- even at an older age they can provide an effective role in the Archdiocese's responsibility to minister to its people;
- concern must be given to the physical, spiritual, emotional and psychological needs of older priests who either choose to or must retire;
- the Priests have a responsibility to participate in the planning of their financial security for their retirement years.

The core provisions of the Retirement Plan are the results of a process which began in 1994 and included:

- An examination and evaluation of the Plan document and provisions then in effect;
- A preliminary independent and professional actuarial study;
- A study and recommendations by the Presbyteral Council Priestly Life Committee;
- A special study committee comprised of the Archbishop, Priests and Laity familiar with retirement plans;
- A review of retirement plan provisions from other (Arch)Dioceses;
- Consultation with an independent firm specializing in employee benefits, retirement plans, and actuarial analysis;
- Drafting of a formal document, a summary plan description, a cost analysis and examples.

HIGHLIGHTS

Highlights of the Plan as further described in this summary are:

- You can retire at age 70 with a full retirement benefit if your participation began before age 55.
- You may defer retirement beyond age 70 and receive a proportionally increased benefit up to age 75.
- You may retire early after you reach age 65 and have 25 years of service with a proportionally reduced benefit based on your years of service and a longer period of benefit payments.
- If you become disabled, you are eligible to receive a benefit.
- Health care coverage, in addition to your Medicare coverage through Social Security, and dental care are vital and are provided as part of your retirement benefit.
- If you leave the Archdiocese after 10 years of service, you are eligible for a benefit payable at age 70, based on a vesting schedule.
- A portion of your retirement benefit when received may be designated as housing for income tax purposes.
- Your choice of housing in retirement may be independently selected or in consultation with the Archbishop or his delegate.
- The retirement benefits were designed anticipating that you will elect to receive Social Security at age 65, or otherwise as provided by Social Security regulations.

WHO IS ELIGIBLE TO PARTICIPATE?

Any Priest who is incardinated into the Archdiocese of Kansas City in Kansas and is in good standing and actively performing the duties of a Priest of the Roman Catholic Church is eligible and included in the Plan. Also, any Priest as determined by the Archbishop upon consultation with the Retirement Committee, who because of some technicality or impediment is unable to be formally incardinated into the Archdiocese, but is in good standing and actively performing substantial duties or responsibilities as a Priest within the Archdiocese and continues his duties until retirement or disability, is eligible to participate in the Plan.

HOW IS THE PLAN FUNDED?

The Archdiocese parishes make contributions to pay for the benefits under the Plan. Contributions are used to pay Plan benefits to retired and disabled Priests, and to pay Plan expenses. An actuary is employed by the Archdiocese to help determine the amount of contributions necessary to pay Plan benefits.

HOW IS MY BENEFIT VESTED?

“Vesting” means gaining the right to receive benefits from the Plan. Vesting service is equal to your total period or periods of service with the Archdiocese, including periods of disability and approved leaves of absence. Service outside the Archdiocese will not count as vesting service, unless approved by the Archbishop and there is no comparable retirement benefit earned for such service.

You will be 100% vested at the earlier of when you:

- complete 45 years of service with the Archdiocese of Kansas City in Kansas, or
- reach age 70 while in covered service with the Archdiocese.

WHAT IS MY NORMAL RETIREMENT BENEFIT?

If you start your service with the Archdiocese before age 55, you may retire at age 70 and receive your full retirement benefit which is currently \$1,300 per month. Benefits will begin on the last day of the month following your last day of service with the Archdiocese. This payment will continue for your lifetime. The amount may be adjusted from time-to-time based on the review of its adequacy by the Retirement Committee.

If you become eligible to participate under the Plan after the age of 55 and continue in covered service to age 70, the current monthly benefit at full retirement is adjusted by multiplying it by a fraction, the numerator of which equals the greater of your potential years of Vesting Service prior to age 70 or your actual years of vesting service (not more than 15) and the denominator of which is 15.

For example, assume you become eligible to participate under the Plan at the age of 58 and that you continue in covered service to age 70. Your retirement benefit would be calculated as follows:

$$\$1,300 \times 12/15 = \underline{\$1,040}$$

WHAT IF I WORK BEYOND AGE 70?

If you continue in covered service with the Archdiocese after age 70, you will be entitled to an increased monthly benefit at your delayed retirement date. The amount of increase is equal to 5/12

of 1% for each month after you reach age 70. However, the total increase in the monthly benefit cannot exceed 25%, i.e., for 5 years to age 75.

For example, assume you became eligible to participate under the Plan prior to age 55 and that you retire at age 72. Your retirement benefit would be calculated as follows:

$$\$1,300 + \$1,300 (5/12)(.01)(24) = \underline{\$1,430}$$

WHAT IF I LEAVE THE ARCHDIOCESE BEFORE I AM 100% VESTED?

If you leave the Archdiocese with at least 10 years of vesting service for reasons other than retirement or disability, you may be eligible for a deferred retirement benefit payable at age 70. Your deferred retirement benefit is the vested interest of the full benefit you would have received if you worked until age 70.

Your vested interest in the Plan is determined as follows:

Years of Service	Vested Percent	Monthly Benefit
Less than 10 years	0%	\$ 0.00
10 years but less than 15 years	20%	\$ 260.00
15 years but less than 20 years	30%	\$ 390.00
20 years but less than 25 years	40%	\$ 520.00
25 years but less than 30 years	50%	\$ 650.00
30 years but less than 35 years	65%	\$ 845.00
35 years but less than 40 years	80%	\$ 1,040.00
40 years but less than 45 years	95%	\$ 1,235.00
45 years or more	100%	\$ 1,300.00

This means that if you leave the Archdiocese after completing 20 years of vesting service, you will own 40% of your full retirement benefit. If you leave after 30 years, you will own 65% of your benefit. After 45 years of vesting service, you will own 100% of your benefit. The vested benefit will be paid when you reach age 70.

The amount of your monthly deferred vested benefit is equal to \$1,300 times the vested percent determined above. If you became eligible to participate under the Plan after the age of 55, your monthly deferred vested benefit is further adjusted by multiplying it by a fraction, the numerator of which equals your potential years of vesting service prior to age 70 and the denominator of which is 15.

For example, assume you become eligible to participate under the Plan at the age of 58 and that you leave the Archdiocese after 10 years of vesting service. Your deferred vested benefit equals:

$$\$1,300 \times 20\% \times 12/15 = \underline{\$208}$$

Your benefit will be deferred until the last day of the month in which you reach age 70.

MAY I RETIRE EARLY?

You may retire early after you reach age 65 if you have 25 or more years of vesting service. If you begin to receive payments before age 70, the amount of your vested benefit, as determined by the vesting schedule, will be reduced 5/12% for each month the commencement of your benefit payment precedes age 70. Your benefit recognizes your years of vesting service and is reduced because you will be entitled to receive benefits over a longer period of time.

For example, assume you retire at age 65 with 25 years of service. Your benefit would be calculated as follows:

$$\$1,300 \times 50\% \times .75 = \underline{\$487.50}$$

WHAT IF I RETURN TO SERVICE AFTER MY BENEFITS HAVE STARTED?

If you return to service for the Archdiocese on a temporary, part-time or full-time basis, you shall continue to receive your full monthly retirement benefit along with any other compensation you may receive.

WHAT IF I BECOME DISABLED?

If the Retirement Committee determines you are disabled before age 70 and incapable of working for a long, continued and indefinite duration, you will be eligible for disability retirement benefits under the Plan, provided such disability originated while you were in service for the Archdiocese.

Your monthly disability benefits begin on the last day of the month following your last day of work in the amount of \$1,300.

You will continue to receive disability retirement benefits as long as you remain disabled. If you remain disabled when you reach age 70, the amount of your disability benefit will continue throughout your retirement.

If your disability ends before you reach age 70, your disability retirement benefits will end. However, you will receive vesting service for the period you were disabled.

DOES THE PLAN PROVIDE ANY OTHER BENEFITS?

Health and dental care coverage are vital for retired Priests. The Plan is designed to fund the health and dental benefits of retired Priests under the Archdiocese of Kansas City in Kansas Health Care Plan. A separate health benefits account will be established and maintained for this purpose. Refer to the Archdiocese of Kansas City in Kansas Health Care Plan for details regarding health and dental benefits after retirement. Benefits under the Health Care Plan are designed to supplement Medicare benefits.

HOW WILL MY BENEFITS BE PAID?

Your monthly retirement benefit will be paid to you as a life annuity. Under this payment method, you receive your monthly retirement benefit for the rest of your life. When you die, all payments will cease in the month in which the death occurs.

If the actuarial value of your retirement benefit is not more than \$10,000, you may elect to receive your entire benefit in a single lump sum payment. However, if you receive a lump sum payment and are subsequently reemployed, any additional benefit you earn during your reemployment as an active member of the plan will be reduced by the value of the lump sum payment previously made to you.

DO I PAY TAXES WHEN I RECEIVE MY BENEFITS?

Since your retirement benefits accumulate on a tax-deferred basis, you will owe taxes on the benefits you are paid; however, up to \$500 of your monthly benefit may be treated as a tax-free housing allowance to the extent that it is used to rent or otherwise provide a dwelling place.

HOW IS THE PLAN ADMINISTERED?

There are administrative details about the Plan you should know. Although you won't need this information on a daily basis, it's a good idea to have it handy.

- The official name of this Plan is the Retirement Plan for Priests of the Archdiocese of Kansas City in Kansas.
- The **Plan** sponsor is:

Archdiocese of Kansas City in Kansas
12615 Parallel
Kansas City, Kansas 66109

- The **Plan administrator** is the Retirement Committee for the Retirement Plan for Priests of the Archdiocese of Kansas City in Kansas which consists of seven members. Four of the members of the Retirement Committee are Priests of the Archdiocese, one of whom is the Archbishop. The three clergy members other than the Archbishop are elected by the Priests covered by the Plan. Three of the members of the Retirement Committee are lay people appointed by the Archbishop who reside within the territorial limits of the Archdiocese. You may contact the Retirement Committee by writing to:

Retirement Committee for the Retirement Plan for Priests
of the Archdiocese of Kansas City in Kansas
12615 Parallel
Kansas City, Kansas 66109
913-721-1570

- The Retirement Committee has broad authority to interpret, construe and administer the Plan. This authority is detailed in the Plan's legal documents.
- The **Plan year** for the Plan is the calendar year.
- The retirement plan is considered a **church plan, a tax qualified plan**, as well as a **defined benefit plan** under the Internal Revenue Code.
- All contributions are made to a Trust Fund of which the Archbishop is the Trustee. The Archbishop will administer the Trust Fund under the terms of a trust agreement in consultation with the Retirement Committee.
- Any **service of legal process** regarding this Plan should be delivered to:

The Archbishop
 Archdiocese of Kansas City in Kansas
 12615 Parallel
 Kansas City, Kansas 66109

CAN THE PLAN BE AMENDED OR TERMINATED?

The Archbishop reserves the right to amend or change the benefits provided under this Plan at any time. In addition, although the Archbishop intends to continue the Plan indefinitely, he may terminate the Plan at any time. If any major changes are considered, the Archbishop will do so only after consultation with the Retirement Committee, his Consultants and the Presbyteral Council. If the Plan is terminated or partially terminated (and the partial termination affects you) your accrued benefit, to the extent then funded, will become fully vested.

WHAT HAPPENS IF BENEFITS ARE UNCLAIMED?

During the time when you are eligible for benefits from the Plan, the Retirement Committee may mail you a notice at your last address in our records. If you do not respond within three months, any benefits payable to you under the Plan may be suspended. Suspended benefits remain assets of the Plan, and will be payable as soon as you contact the Plan administrator and provide any required information.

CAN MY BENEFITS BE FORFEITED?

If your service at the Archdiocese ends “for cause,” you will lose the right to a benefit from the Plan. Terminated “for cause” includes, but is not limited to, termination of service for gross negligence, gross misconduct and/or criminal misconduct.

The Archbishop, after consultation with the Retirement Committee, will decide if your termination is “for cause,” and his decision will be final and binding, and not subject to review or appeal. The decision will be made on objective criteria, rather than on subjective opinion.

In addition, if you leave the Archdiocese and have not earned a vested interest in the Plan, you will forfeit any right to benefits under the Plan.

HOW DO I BEGIN THE PROCESS TO RECEIVE MY BENEFITS?

The Vicar General-Vicar for Clergy or his representative(s) will assist you when you retire, leave employment or become disabled. You will receive information on the payment of your retirement benefits. Your choice of housing may be selected independently, or in consultation with the Archbishop or his representative. This can include options available in a parish or other Archdiocesan related properties, as well as ministerial opportunities.

HOW DO I APPEAL A DECISION REGARDING MY RETIREMENT BENEFITS?

Should you have any questions regarding your eligibility for a benefit or if you want clarification of the benefits, you may elect to use the appeal procedure below:

1. Within 60 days of receiving your retirement notice, you may submit a written application to the Retirement Committee requesting that your application be reconsidered. You are entitled to review the Plan document when you prepare your appeal and to have a qualified person represent you during the appeal process. If you believe an error has occurred, you may expedite your request by giving the reason you think there is an error. Also, whenever possible, send copies of any documents or records that support your appeal. Your application will be reconsidered after your request is received.
2. The Retirement Committee will reach a decision on the appeal within 60 days (or, in unusual circumstances, within 120 days) after your appeal is received. This decision will be in writing and will explain the specific reasons for the decision with reference to the Plan provisions on which it is based.

If you need additional information or have any questions about your benefits from the Plan or under the law, contact the Retirement Committee.

CAN MY BENEFITS BE ASSIGNED?

Generally, the benefits from the Plan are not subject to claims of your creditors. In addition, you may not assign, sell, borrow or commit any part of your Plan benefit in any way.

PLAN DOCUMENT

The information in this Summary Plan Description describes the Plan in everyday language and tries to avoid the technical language of the Plan's legal documents. This Summary does not contain all of the details described in the official Plan documents. If there is a discrepancy between what is summarized here and the official Plan documents, the Plan documents will govern.

A Plan document will be made available upon request or you may examine a copy of the Plan's legal documents at the Office of the Vicar General-Vicar for Clergy at the Archdiocese of Kansas City in Kansas.

The formal Plan document has extensive language which may not seem pertinent to a plan for Priests' retirement, but such language is required in order for the Plan document to meet government requirements of a "qualified plan."