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# Highlights of the Christian Brothers Retirement Savings Plan 403(b) for the Employees of the Diocese of Owensboro

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## Eligibility and Entry Dates

An employee may participate in the Plan on the date they are first eligible, or thereafter on the start of any quarter. Eligibility is 20 hours per week or ½ of a normal teaching load.

## Employee Salary Savings Contribution

A participant may voluntarily contribute from 1% to 100% of pay into the Plan. The maximum salary deferral for the year may not exceed \$19,000 for 2019. This Plan will permit “catch-up” contributions for participants over age 50. The “catch-up” contribution is \$6,000 for 2019, and will not count against limits on employee pre-tax contributions, except that the total contribution cannot exceed 100% of compensation.

## Changes in Salary Savings Contributions

Participants may make changes in their salary deferral amount by contacting their HR Department.

## Accessing your Account

Accessing your account is easy when you register at [vanguard.com](http://vanguard.com). You can:

- + **Name your beneficiary(ies)**
- + **Make investment changes**
- + **Check your account balance**
- + **View your personal statement**

You will need to have your social security number and the Plan number (**093264**) available. You may also use Vanguard’s voice response system to do any of the above. The number is **800.523.1188**.

## Investments

Investment Funds offered are illustrated in four tiers: **Tier 1:** Target Retirement Funds, **Tier 2:** Index Funds, **Tier 3:** Catholic-screened Funds, and **Tier 4:** Broad Active Funds. Employees will automatically default to Tier 1 into the Target Fund nearest their 65th birthday. For participants under age 65, this investment election is the Vanguard Target Retirement Fund nearest his/her 65th birthday. For participants age 65 or older, this investment election is the Target Retirement Income Fund. This election can be changed at any time by contacting Vanguard.

A participant may change from his/her default investment election by contacting Vanguard. The funds he/she may reallocate to are listed below:

### **Tier 2:**

- 500 Stock Index Fund
- Extended Market
- Total Stock Market Index Fund
- Total Bond Market Index
- Total International Stock Index Fund
- Total International Bond Index Fund
- Short-Term Inflation-Protected Securities Index Fund

### **Tier 3:**

- Dimension Fund Advisors (DFA) US Core Equity
- DFA International Social Core Equity
- DFA Emerging Markets Social Core Equity
- Baird Intermediate Bond Fund

### **Tier 4:**

- Federal Money Market Fund
- Wellington (Balanced Fund)
- U.S. Growth Fund
- International Growth Fund
- Windsor II Fund
- Fidelity Blue Chip Growth Fund

## Withdrawals

An employee may withdraw money from his/her salary deferral savings account for the following events:

- + Normal Retirement – Age 65
- + Early Retirement – Age 55
- + Age 59 ½
- + Death
- + Disability
- + Termination of Employment
- + Financial Hardship

A withdrawal prior to age 59 ½, if the distribution is not “rolled over” within 60 days, may be subject to a 10% penalty tax. Ordinary income tax applies to the total withdrawal.

## Financial Hardship

A participant may withdraw all or part of his/her salary deferral savings contributions (not earnings or employer contributions) if the participant can prove financial hardship to the Plan Administrator. Hardship is defined as an “Immediate and Severe Financial Need” and may only be applied to the following circumstances:

- + College Education
- + Purchase of Primary Residence
- + Prevention of Eviction from Primary Residence
- + Deductible Medical Expense
- + Pay Funeral Expenses for Dependent
- + Repair damage to primary residence (insurable loss not covered)

All the above are taxable and subject to a 10% excise tax.

## Vesting

Participants are always 100% vested in their own savings contributions and in any employer contributions.

## Administrative Expenses

The quarterly recordkeeping fee is \$17.75. This fee is paid by your employer.

## Other Benefits

Salary deferral contributions reduce current taxable income. Therefore, current federal and possibly state income taxes are lowered by participating in the Plan. This does not affect Social Security taxes or other group benefits.

## Effects on IRAs

As a participant in a retirement plan, the deductibility of IRA contributions may be limited or eliminated based on income.

## Summary of Benefits to Employees

- + Save money for the future through payroll deductions.
- + Defer current federal and state income taxes on all monies.
- + The interest and earnings of your account accrue tax-deferred.



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