

# Retirement Planning

Thinking about retirement can be a daunting task. This brochure is a summary of the retirement benefits you need to consider when planning for your retirement.



Diocese of  
**OWENSBORO**

# CHRISTIAN BROTHERS EMPLOYEE RETIREMENT PLAN

## First Steps

- Before you have decided on a retirement date, set up a budget to determine your “must have” financial needs. Consider all sources of retirement income (e.g. 403(b), 401(k), IRA, social security)
- Contact the Christian Brothers Employee Retirement Plan (CBERP) via email, fax, or mail to request an estimate of the benefits payable to you at various retirement dates (you may request up to 3 dates).
- Talk with the Social Security Administration (if you are eligible for benefits).
- Consider what you will do for Medical, Dental, Life Insurance, and Prescription Drugs after retirement.
- Network with other Retirees (family or friends) to help identify the hurdles of retirement.

## Second Steps

- Inform your Employer or HR Department of your intentions to retire.
- Your Employer must notify the CBERP of your last day of work and month of final pay.
- Once step 2 is completed by your employer, the CBERP will send a set of retirement paperwork to your home for completion and return. You will be required to complete or provide the following:
  - a) Retirement Election Form
  - b) Waiver Consent Form
  - c) Federal Tax Withholding Election Form
  - d) Direct Deposit Form
  - e) Proof of age for you and for your spouse or joint annuitant (if applicable)

## Final Steps

- Upon report of your final earnings to the plan by your employer, a retirement representative will run the final calculation of your retirement based on your retirement election.
- The Plan Consultant will review and verify your benefit election.
- A retirement representative will set up your payment with our bank.
- The payment of your benefit will be approved by an authorized member of the CBS staff.
- A copy of your benefit verification will be mailed directly to you by certified mail from our office.

### CONTACT US



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July 1, 2021

## Defined Benefit Plan for the Employees of the Diocese of Owensboro

### I. CHRISTIAN BROTHERS EMPLOYEE RETIREMENT PLAN

**Trust:** Established 1964. Current Participation: 40,000 Employees/700 Employers. Funds are held by a trustee bank in an irrevocable trust. Employers have no access to the funds. The approximate value of the trust fund is currently \$1,500,000,000.

**Funding:** Contributions and Benefits – Your employer has chosen the following option as it relates to future service contributions and benefits.

Prior to July 1, 2014 – 2.64% of gross wages

After June 30, 2014 – 2.04% of gross wages

**Example:** Employee had 5 years of service as of July 1, 2014. Average yearly earnings over this period were \$40,000. Employee worked for 15 years after June 30, 2014 at an average salary of \$49,000.

2.64% x \$40,000 x 5 yrs.	=	\$ 5,280
2.04% x \$49,000 x 15 yrs.	=	<u>\$14,994</u>
Total Annual Benefit after 20 years=		<b>\$20,274</b>

**Eligibility:** An employee must work a minimum of 20 hours per week. There is no probationary period.

**Vesting:** 4 years and 9 months gives right to a pension.

**Death Benefits for Active Employees:** If a married and vested active employee dies before retirement, the surviving spouse will receive an actuarially reduced 50% pension for life beginning no earlier than the date the participant would have been age 55.

If a non-married, vested active employee dies before retirement, the designated beneficiary will receive a lump-sum payment of up to \$10,000.

**Retirement Age:**      **Age 55** – early retirement at reduced benefits  
**Social Security** normal retirement age

**Golden Rule of 90:** After 7/1/97, if an eligible employee's age plus years of service is at least 90 (e.g. age 60 with 30 years of service), then he/she is eligible for early retirement with an unreduced benefit. The employee must have been a participant in the Plan prior to July 1, 2012.

**Normal Form of Payment:**

Single Employee:      **Life only** (monthly benefit for life)  
Married Employee:      **Joint and 50%** to Survivor annuity

**Optional Forms of Payment (Election must be made prior to commencement of benefits):**

Single Employee:      **50%** of reduced benefit to surviving joint pensioner.  
**100%** of reduced benefit to joint pensioner (if age difference is no more than 10 years).

Married Employee:      **Life only** (monthly benefit for life)  
**100%** of reduced benefit to surviving spouse

All Employees:      **10 Year Certain & Life.** A reduced benefit is guaranteed payable for no less than 120 months.

**Lump Sum.** Based on Funded Status of Plan at time of payment. Paid in lieu of monthly pension payments.

**Website for Participants:** Register online at [www.cbservices.org](http://www.cbservices.org). The participant website features include the ability to:

- Review your annual benefit statements for up to 5 previous years (starting with 7/1/2017)
- Calculate your estimated retirement benefits
- Review your demographics for accuracy (name, address, date of hire, date of participation, and beneficiary information)
- Add or change a beneficiary
- Update your address if you have moved

**IRS Approved:**      401 (a) Plan – Plan is qualified, earnings of the Trust are tax exempt

**Pension Board:** Seven members who administer the Plan according to the Plan Document

## II. SOCIAL SECURITY

Social Security Benefits are in addition to benefits provided by CBERP. Social Security Benefits are not affected by benefits provided by CBERP, and CBERP Benefits are not affected by Social Security Benefits.

This summary sheet should give you some general information related to the benefits in the Plan. In the case of any conflict or inconsistencies between this summary and the Plan Document, the provisions of the Plan Document will always govern.

# Retirement Website Tool

CBSERVICES.COM

This website is designed to help you understand the current value of your retirement benefits and includes protection tools that can help you plan for the future. Taking the time to review this information periodically will go a long way towards ensuring that you are prepared and can enjoy financial stability in retirement.

Go to <https://vimeo.com/408978276> for an instructional video on how to use the website.

The website will be available to active employees or terminated participants who have not yet started to receive their benefit from the plan. This new tool will allow participants the ability to review their annual benefit statements for up to five previous years starting with July 1, 2017. As an extra convenience, they can also calculate estimated retirement benefits online without the added step of contacting Christian Brothers Services for assistance.

Participants will also be able to run interactive, comprehensive retirement projections. The system will calculate a participant's estimated defined benefit plan benefit and estimated Social Security benefit. If they participate in one of the Christian Brothers' defined contribution plans, the system also will show the account balance as of the previous calendar quarter-end date. It will then project these amounts to the retirement age selected by the participant and let them gauge if they are on track for a secure retirement. Participants can change various assumptions too, such as other retirement income from a previous job or his/her spouse.

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

## Eligibility & 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  $\frac{1}{2}$  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 1/2
- 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 Expenses
- 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.

## How to Register with Vanguard

- 1) Log into [www.vanguard.com](http://www.vanguard.com)
- 2) Select "Retirement Plan Participants"



- 3) Select "Register for Account Access"

Home Lessons Tools

Already enrolled?

User name

Password

LOG ON

Forgot user name/password?

Register for account access

How much income can you expect?

Learn more

○ ○ ●

- 4) You will need: Your social security number, Zip code, and birth date. If you are asked for the Plan Number, it is: **093264**

### Sign up for or restore account access

1 Enter personal information and verify identity

2 Create user name and password

3 Set up security features

Enter personal information

If you are registering an account for a minor, enter the custodian's information below.

First name   
Last name   
SSN  I have an EIN (for trusts, corporations, partnerships, etc.)  
Birth date  (mm/dd/yyyy)  
Zip code  I have a non-U.S. address

- 5) Create your user name and password.

- 6) Once logged in, find "My Profile" on the top navigation bar and select "Beneficiaries" to name or change your beneficiary(ies).
- 7) Also in "My Profile", select "Overview" and under Personal Profile, there is an option for "Mailing Preferences" where you can select to have Statements mailed to your home. On the "Mailing Preferences" screen, select, "Customize mailing preferences"



## My profile overview

### Personal profile

#### Address & phone

Update your address or phone number.

#### E-mail address

Update your e-mail address.

#### Mailing preferences

Choose how to get your statements, tax forms, and other documents.

### Account settings

#### Retirement Alerts

Turn retirement alerts on.

#### Beneficiaries

Update your beneficiaries

#### Bank information

Add a new bank and view

## Thank you for choosing e-delivery

Many Vanguard shareholders like you who manage their accounts online also receive their account information online. By choosing e-delivery, you'll receive electronic notifications about your account activity. You'll still receive paper statements, confirmations, and other account documents by mail if you prefer. E-delivery is a secure way to access your account information online and provides convenience and may also avoid [account service fees](#).

You currently receive these documents via e-delivery

- **Statements** for employer plans
- **Confirmations and plan education materials** for employer plan accounts
- **Tax forms** for employer plan accounts
- **Notices, amendments, and other important account updates** for employer plan accounts

See [the accounts](#) that are affected by your mailing preferences.

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