

**DIOCESE OF SPRINGFIELD IN ILLINOIS 403(B) PLAN**

**SUMMARY OF 403(b) PLAN PROVISIONS**

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## **DIOCESE OF SPRINGFIELD IN ILLINOIS 403(B) PLAN**

### **SUMMARY OF 403(b) PLAN PROVISIONS**

#### **INTRODUCTION TO YOUR PLAN**

Diocese of Springfield in Illinois 403(b) Plan ("Plan") has been adopted to provide you with the opportunity to save for retirement on a tax-advantaged basis. This Plan is a type of retirement plan commonly referred to as a 403(b) plan or TSA (Tax Sheltered Annuity). This Summary of 403(b) Plan Provisions contains valuable information regarding when you may become eligible to participate in the Plan, your Plan benefits, your distribution options, and many other features of the Plan. You should take the time to read this Summary to get a better understanding of your rights and obligations under the Plan.

We have attempted to answer most of the questions you may have regarding your benefits in the Plan. If this Summary does not answer all of your questions, please contact the Administrator. The name and address of the Administrator can be found in the Article of this Summary entitled "General Information About The Plan."

This Summary describes the Plan's benefits and obligations as contained in the legal Plan document, which governs the operation of the Plan. The Plan document is written in much more technical and precise language. If the non-technical language under this Summary and the technical, legal language of the Plan document conflict, the Plan document always governs. If you wish to receive a copy of the legal Plan document, please contact the Administrator.

This Summary describes the current provisions of the Plan. The Plan is subject to federal laws, such as the Internal Revenue Code and other federal and state laws which may affect your rights. The provisions of the Plan are subject to revision due to a change in laws or due to pronouncements by the Internal Revenue Service (IRS). The Employer may also amend or terminate this Plan. The Administrator will notify you if the provisions of the Plan that are described in this Summary change. Terms of investment products you select may also affect the Plan. This Summary does not address the provisions of specific investment products.

#### **ARTICLE I PARTICIPATION IN THE PLAN**

##### **Am I eligible to participate in the Plan?**

Provided you are an eligible employee, you are eligible to participate in the Plan once you satisfy the Plan's eligibility conditions described in the next question.

If you are a member of a class of employees identified below, you are not an eligible employee for purposes of eligibility to make elective deferrals to the Plan. The employees who are excluded are:

- employees who normally work less than 20 hours per week.

##### **When am I eligible to participate in the Plan?**

Provided you are an eligible employee, you will be able to make elective deferrals beginning on your date of hire or as soon as administratively feasible.

## **When is my entry date?**

Provided you are an eligible employee, you will be able to make elective deferrals beginning on your date of hire or as soon as administratively feasible.

## **ARTICLE II CONTRIBUTIONS**

### **What kind of contributions may I make to the Plan and how do my contributions affect my taxes?**

As a participant in the Plan, you may elect to reduce your compensation by a specific percentage or dollar amount and have that amount contributed to the Plan on a pre-tax basis. The Plan refers to this as an "elective deferral." Your taxable income is reduced by your elective deferral contributions so you pay less federal income taxes. However, your elective deferrals are subject to Social Security taxes at the time of deferral. Later, when the Plan distributes the deferrals and earnings, you will pay income tax on those amounts. Federal income taxes on the pre-tax deferral contributions and earnings are only postponed. See "What are my tax consequences when I receive a distribution from the Plan?"

### **How much may I contribute to the Plan?**

Your total elective deferrals in any calendar year may not exceed a certain dollar limit which is set by law ("elective deferral limit"). The elective deferral limit for 2010 is \$16,500. After 2010, the elective deferral limit may increase for cost-of-living adjustments. You may also defer more than the elective deferral limit if you are eligible to make "catch-up deferrals" as described below.

If you are age 50 or will attain age 50 before the end of a calendar year, you may make additional deferrals (called "age 50 catch-up deferrals") for that year and following years. If you meet the age 50 requirement and exceed the elective deferral limit described above, then any excess will be an age 50 catch-up deferral. The maximum catch-up deferral that you can make in 2010 is \$5,500. After 2010, the maximum age 50 catch-up deferral limit may increase for cost-of-living adjustments.

You should also be aware that the annual elective deferral limit is an aggregate limit which applies to all deferrals you may make under this Plan and any other 403(b) plans, simplified employee pensions, SIMPLE IRAs, or 401(k) plans in which you may be participating, including those of another employer. Generally, if your total deferrals under all of these arrangements for a calendar year exceed the annual elective deferral limit, then you must include the excess deferrals in your income for the year. If you make excess deferrals you should request in writing that the excess deferrals be returned to you. If you fail to request such a return, you may be taxed a second time when the excess deferral is ultimately distributed from the Plan.

You must decide which plan you would like to have return the amount of any excess deferral. If you decide that this Plan should distribute the excess, you should communicate this in writing to the Administrator no later than the March 1st following the close of the calendar year in which you made the excess deferrals. However, if you contribute excess deferrals to this Plan or any other plan maintained by the Employer, then you will be deemed to have notified the Administrator of the excess. The Administrator will then return the excess deferrals and any earnings thereon to you by April 15 of the year following the calendar year in which you made the excess deferrals.

### **How do I make an election to defer?**

You must enter into a salary reduction agreement, which the Administrator will provide to you. The salary reduction agreement will explain the various rules, including any minimum or maximum

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amount which you may defer. The salary reduction agreement will explain the conditions for changing your deferral election or stopping deferrals altogether.

### **Am I vested in my elective deferrals and earnings?**

You will always be 100% vested in your elective deferrals and in the earnings on your deferrals. The Administrator will account for these amounts separately from any other amounts in your Plan account. When you become entitled to a distribution from the Plan, you will always be entitled to all amounts held in your elective deferral account. This account will be affected by the Plan investments. See "How is the money in the Plan invested?" below.

### **What compensation is used to determine my Plan benefits?**

For the purposes of determining your allocation of all contributions to the Plan, compensation has a special and highly technical meaning. The Plan generally defines compensation as the total amounts paid to the employee for services rendered to the Employer, although some items may be excluded. In computing compensation, the Plan does not consider certain items, as described below:

- The Plan does not take into account compensation paid while you weren't a participant for purposes of the following:
  - Limits on elective deferrals

### **Is there a limit on the amount of compensation that can be considered?**

For Plan years beginning on and after January 1, 2010, the amount of annual compensation that may be taken into consideration for Plan purposes is \$245,000. This amount may be adjusted after 2010 for cost-of-living increases.

### **Is there a limit on how much can be contributed to my account each year?**

Generally, the law imposes a maximum limit on the amount of contributions, including elective deferrals, (excluding age 50 catch-up contributions) that may be made to your accounts and any other amounts allocated to any of your accounts during the Plan year (such as forfeitures), excluding earnings. Beginning in 2010, this total cannot exceed the lesser of \$49,000 or 100% of your includible compensation. The dollar limit may be adjusted after 2010 for cost-of-living increases.

### **May I make "rollover" contributions to the Plan?**

At the discretion of the Administrator, you may be permitted to deposit into the Plan distributions you have received from other plans and certain IRAs, provided such distributions are legally qualified to be rolled over into this Plan. Such a deposit is called a "rollover" and may result in tax savings to you. You may ask your prior plan administrator or trustee to directly transfer (a "direct rollover") to this Plan all or a portion of any amount that you are entitled to receive as a distribution from a prior plan. Alternatively, you may elect to deposit any amount eligible for rollover within 60 days of your receipt of the distribution. You should consult a qualified tax advisor to determine if a rollover to this Plan is in your best interest.

Your rollover will be placed in a separate account called a "rollover account." You will always be 100% vested in your rollover account. This means that you will always be entitled to all of your rollover contributions. Rollover contributions will be affected by any investment gains or losses.

## **How is the money in the Plan invested?**

The Plan assets may be invested only in mutual funds. See the Administrator for further details regarding permissible investments.

You will be able to direct the investment of your Plan account, including your elective deferrals. The Administrator will provide you with information on the investment choices available to you, the frequency with which you can change your investment choices and other information. Periodically, you will receive a benefit statement that provides information on your account balance and your investment returns. If you have any questions about the investment of your Plan accounts, please contact the Administrator. If you do not direct the investment of your Plan account, then your account will be invested in accordance with the default investment alternatives the Employer establishes under the Plan.

When you direct investments, your account is segregated for purposes of determining the earnings or losses on these investments. Your account does not share in the investment performance for other participants who have directed their own investments.

You should remember that the amount of your benefits under the Plan will depend in part upon your choice of investments. Gains as well as losses can occur. The Employer and the Administrator will not provide investment advice or guarantee the performance of any investment you choose.

## **Will Plan expenses be deducted from my account balance?**

The Plan permits the payment of Plan expenses to be made from the Plan's assets. If the Employer does not pay these expenses, then the expenses paid out of the Plan's assets will generally be allocated among the accounts of all participants in the Plan. These expenses will be allocated proportionately based on the value of the account balances.

There are certain expenses that may be paid just from your account. These are expenses that are specifically incurred by, or attributable to, you. For example, if you are married and get divorced, the Plan may incur additional expenses if a court mandates that a portion of your account be paid to your ex-spouse. These additional expenses may be paid directly from your account (and not the accounts of other participants) because they are directly attributable to you under the Plan.

The following expenses will be charged directly to your account:

- for terminated Participants, the per Participant quarterly fee, or
- any administrative expenses attributable to a single sum benefit payment for a distribution other than at death, total and permanent disability or retirement, or
- a Participant loan administration fee, or
- a qualified domestic relations order administration fee, or
- other charges identified in advance by the Plan Administrator for special services.

The Employer may, from time to time, change the manner in which expenses are allocated.

## **ARTICLE III DISTRIBUTIONS**

### **Will I receive a distribution of my account if I terminate employment with the Employer?**

If you terminate employment for any reason and at any age (including retirement), then you will be entitled to a distribution within a reasonable time after you terminate employment. (See the question "How will my benefits be paid?" for a further explanation of how benefits are paid from the Plan.)

### **What is the Plan's "normal retirement age"?**

You will attain your normal retirement age when you reach age 65. Normal retirement age does not control when you may receive distributions under the Plan.

If your employment terminates for reasons other than death, disability, or attainment of normal retirement age, you will be entitled to receive only your "vested percentage" of your account balance.

### **What is my vested interest in my account?**

You are always 100% vested (which means that you are entitled to all of the amounts) in your account attributable to the following:

- elective deferrals including catch-up contributions
- rollover contributions

Thus, you are always entitled to all amounts in your accounts

### **How does the Plan determine my Years of Service for vesting purposes?**

To earn a year of service, you must be credited with at least 1,000 hours of service during a Plan year. (See the Article entitled "General Information About the Plan" for more information on receiving credit for hours of service.) The Plan contains specific rules for crediting hours of service for vesting purposes. The Administrator will track your service and will credit you with a year of service for each Plan year in which you are credited with the required hours of service, in accordance with the terms of the Plan. If you have any questions regarding your vesting service, you should contact the Administrator.

### **How will my benefits be paid?**

You may elect to receive your distribution under one of the methods described below:

- a single lump-sum payment in cash or, in certain circumstances, in property.

Your investment product may provide you with additional distribution options.

### **May I elect to roll over my account to another plan or IRA?**

If you are entitled to a distribution of more than \$200, then you may elect whether to receive the distribution or to roll over the distribution to another retirement plan such as an individual retirement account ("IRA").



### **May I receive a loan from the Plan?**

You may be able to borrow from your Plan account unless your investment product provides otherwise. There are many complex rules affecting Plan loans and the Administrator can provide more information about Plan loans, if any are available.

## **ARTICLE IV DEATH BENEFITS**

### **What happens if I die while working for the Employer?**

If you die while still employed by the Employer, your entire account balance will be used to provide your beneficiary with a death benefit.

Your beneficiary is the person or persons whom you designate on a form the Administrator provides for this purpose. If you are married, your spouse will be the beneficiary of the death benefit, unless you elect to change the beneficiary.

If no valid designation of beneficiary exists, or if the beneficiary is not alive when you die, then the death benefit will be paid in the following order, unless the investment provider's documentation says otherwise:

- (a) Your surviving spouse;
- (b) Your children, including adopted children, and if a child dies before you, to their children, if any;
- (c) Your surviving parents, in equal shares; or
- (d) Your estate.

### **How will the death benefit be paid to my beneficiary?**

The death benefit will be paid to your beneficiary. The beneficiary may choose among the then available distribution options unless you elected the death benefit distribution method prior to your death.

### **When must the last payment be made to my beneficiary?**

If your designated beneficiary is a person (other than your estate or most trusts) then minimum distributions of your death benefit must generally begin within one year of your death and must be paid over a period not extending beyond your beneficiary's life expectancy. If your spouse is the beneficiary, the start of payments may be delayed until the year in which you would have attained age 70 1/2. Generally, if you die before you are required to begin minimum distributions (which for most people is shortly after the later of age 70 1/2 or retirement) and your beneficiary is not a person, then your entire death benefit must be paid within five years after your death. Some investment products may allow a person to use this five-year rule. See the Plan Administrator for further details.

Since your spouse has certain rights in the death benefit, you should immediately report any change in your marital status to the Administrator.

**What happens if I'm a participant, terminate employment, and die before receiving all my benefits?**

If you terminate employment with us and subsequently die, your beneficiary will be entitled to the vested percentage of your remaining account balance at the time of your death.

**ARTICLE V  
IN-SERVICE DISTRIBUTIONS**

**Can I withdraw money from my account while working for the Employer?**

You may receive a distribution from the Plan prior to your termination of employment if you satisfy certain conditions. These conditions are described below. However, this distribution will reduce the value of the benefits you will receive when you retire. Any in-service distribution is made at your election and will be made in accordance with the forms of distribution available under the investment product you have selected or under the Plan.

You may request an in-service distribution from the following account(s) and based on the following event(s). Some individual investment products may provide for additional in-service distribution options. Please see your Administrator for details:

- Your entire account once you reach age 59 1/2.

You may withdraw your rollover contributions, if any, at any time prior to severance.

You may only request one in-service distribution during a Plan year unless an individual investment option permits more frequent in-service distributions.

**ARTICLE VI  
TAX TREATMENT OF DISTRIBUTIONS**

**What are my tax consequences when I receive a distribution from the Plan?**

Generally, you must include any Plan distribution in your taxable income in the year in which you receive the distribution. The tax treatment may also depend on your age when you receive the distribution.

**Can I reduce or defer tax on my distribution?**

You may reduce, or defer entirely, the tax due on your distribution through use of one of the following methods:

(a) The rollover of all or a portion of the distribution you actually receive to a traditional Individual Retirement Account (IRA) or another eligible employer plan. This will result in no tax being due until you begin withdrawing funds from the traditional IRA or other eligible employer plan. The rollover of the distribution, however, **MUST** be made within strict time frames (normally, within 60 days after you receive your distribution). Under certain circumstances all or a portion of a distribution may not qualify for this rollover treatment. In addition, most distributions will be subject to mandatory federal income tax withholding at a rate of 20%. This will reduce the amount you actually receive. For this reason, if you wish to roll over all or a portion of your distribution amount, the direct rollover option described in paragraph (b) below would be the better choice.

(b) For most distributions, you may request that a "direct rollover" of all or a portion of the distribution to either a traditional Individual Retirement Account (IRA) or another qualified

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employer plan willing to accept the rollover. A direct rollover will result in no tax being due until you withdraw funds from the traditional IRA or other qualified employer plan. Like the 60-day rollover, under certain circumstances all or a portion of the amount to be distributed may not qualify for this direct rollover, e.g., a distribution of less than \$200 will not be eligible for a direct rollover. If you elect to actually receive the distribution rather than request a direct rollover, then in most cases 20% of the distribution amount will be withheld for federal income tax purposes.

WHENEVER YOU RECEIVE A DISTRIBUTION THAT IS AN ELIGIBLE ROLLOVER DISTRIBUTION, THE ADMINISTRATOR WILL DELIVER TO YOU A MORE DETAILED EXPLANATION OF THESE OPTIONS. HOWEVER, THE RULES WHICH DETERMINE WHETHER YOU QUALIFY FOR FAVORABLE TAX TREATMENT ARE VERY COMPLEX. YOU SHOULD CONSULT WITH A QUALIFIED TAX ADVISOR BEFORE MAKING A CHOICE.

## **ARTICLE VII CLAIMS AND BENEFITS**

### **Can the Plan be amended?**

Yes. The Employer may amend the Plan at any time. In no event, however, will any amendment authorize or permit any part of the Plan assets to be used for purposes other than the exclusive benefit of participants or their beneficiaries. Additionally, no amendment will cause any reduction in the amount credited to your account.

### **What happens if the Plan is discontinued or terminated?**

The Employer may terminate the Plan at any time. Upon termination, no more contributions may be made to the Plan. The Administrator will notify you of any modification or termination of the Plan.

### **How do I submit a claim for Plan benefits?**

You or your beneficiaries may make a request for any Plan benefits to which you believe you are entitled. Any such request should be in writing and should be made to the Administrator or investment provider. An investment provider may have specific forms for this purpose.

If the Administrator determines the claim is valid, then you will receive a statement describing the amount of benefit, the method or methods of payment, the timing of distributions and other information relevant to the payment of the benefit.

### **What if my benefits are denied?**

Your request for Plan benefits will be considered a claim for Plan benefits, and it will be subject to a full and fair review. If your claim is wholly or partially denied, the Administrator will provide you with a written or electronic notification of the Plan's adverse determination.

## **ARTICLE VIII GENERAL INFORMATION ABOUT THE PLAN**

There is certain general information that you may need to know about the Plan. This information has been summarized for you in this Article.

### **General Plan Information**

The full name of the Plan is Diocese of Springfield in Illinois 403(b) Plan.

This Plan was originally effective on January 1, 2009. The amended and restated provisions of the Plan become effective on February 1, 2011.

The Plan's records are maintained on a twelve-month period of time. This is known as the "Plan year." The Plan year begins on January 1 and ends on December 31.

Valuations of the Plan are generally made daily.

The Plan will be governed by the laws of Illinois.

Benefits provided by the Plan are NOT insured by the Pension Benefit Guaranty Corporation (PBGC).

### **What is an "hour of service" under the Plan?**

An hour of service is:

- (a) each hour for which you are directly or indirectly compensated by the Employer for the performance of duties during the Plan year;
- (b) each hour for which you are directly or indirectly compensated by the Employer for reasons other than the performance of duties (such as vacation, holidays, sickness, disability, lay-off, military duty, jury duty or leave of absence during the Plan year); and
- (c) each hour for back pay awarded or agreed to by the Employer.

You will not be credited for the same hours of service both under (a) or (b), as the case may be, and under (c).

### **How are hours of service credited?**

You will be credited with your actual hours of service for all Plan purposes.

### **Employer Information**

The Plan sponsor's name, address, and identification number are:

Diocese of Springfield in Illinois  
1615 W. Washington  
Springfield, Illinois 62702  
37-0661201

The Plan allows other employers to adopt its provisions. You or your beneficiaries may examine or obtain a complete list of employers, if any, who have adopted the Plan by making a written request to the Administrator.

### **Administrator Information**

The Plan's Administrator is responsible for the day-to-day administration and operation of the Plan. For example, the Administrator maintains the Plan records, including your account information, provides you with the forms you need to complete for Plan participation and directs the payment of your account at the appropriate time. If you have any questions about the Plan and your participation, you should contact the Administrator. The Administrator may designate other parties to perform some duties of the Administrator, and some duties are the responsibility of the investment provider(s) to the Plan.

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The Employer, or the person or persons the Employer designates is the Plan Administrator.