

**DIOCESE OF SANTA ROSA EMPLOYEE SAVINGS PLAN**

**JANUARY 2015**

## **EXPLANATION OF THE DIOCESE OF SANTA ROSA EMPLOYEE SAVINGS PLAN**

### **403(b)(9) CHURCH PLAN**

The Roman Catholic Bishop of Santa Rosa, a California Corporation Sole ("Church") is pleased to provide information about your retirement benefit -- a Section 403(b)(9) Retirement Income Plan ("Plan") for eligible employees.

#### **AM I ELIGIBLE TO PARTICIPATE IN THE PLAN?**

You are eligible to participate in the Plan if:

- you normally work at least 20 hours per week

#### **WHEN AM I ELIGIBLE TO PARTICIPATE?**

As an eligible participant, you may begin to make elective contributions (pre-tax or, if permitted under the Plan, Roth after-tax contributions) on the first day of each calendar month, if you have signed the necessary paperwork on or before such date.

#### **HOW MUCH CAN I CONTRIBUTE ON AN ELECTIVE BASIS?**

For each payroll period, you may elect to make elective contributions up to 100% of your plan compensation. Federal law limits the amount you may defer under this Plan and any other retirement plan permitting elective contributions during any calendar year. For 2015, the limit is \$18,000.

If you are age 50 or over before the close of the calendar year, you may elect to save an additional amount up to \$6,000 for 2015.

#### **IS THERE A SPECIAL SAVER'S TAX CREDIT FOR ELECTIVE CONTRIBUTIONS?**

You may be eligible for a saver's tax credit for any elective contributions, including catch-up made under the Plan. The saver's tax credit reduces your federal income tax dollar-for-dollar up to \$2,000 per year for each dollar you contribute to the Plan. The saver's tax credit is only available if you are married filing jointly and your gross income does not exceed \$61,000 for 2015, or if you are a head of household and your gross income does not exceed \$45,750, or if you are single or married filing separately and your gross income does not exceed \$30,500. These limits are adjusted for inflation by the IRS each year. An IRS notice explaining the saver's tax credit may be obtained by contacting the Church.

#### **WHAT IS A YEAR OF SERVICE?**

A Year of Service is a 12-month period in which you complete 1 hours of service.

#### **MAY I ROLL OVER MONEY FROM ANOTHER PLAN?**

If you are a participant, you may roll over your account from other 403(b) plans, 457(b) governmental plans, or 401(a) plans to the Plan.

### **WHAT IS THE MAXIMUM CONTRIBUTION THAT MAY BE MADE FOR ME?**

The maximum amount that may be contributed to the Plan, on your behalf, in any year is limited to a fixed dollar amount (\$53,000 in 2015), not including age 50 catch-up contributions. In addition, contributions cannot exceed 100% of your total compensation including amounts contributed on a pre-tax basis.

### **WHEN AM I VESTED?**

You are always fully vested in your elective contribution account and rollover account.

### **MAY I MAKE WITHDRAWALS WHILE I AM WORKING?**

After you reach age 59½, you may receive a distribution from all of your accounts, including rollovers.

### **WHAT HAPPENS TO MY ACCOUNT WHEN MY EMPLOYMENT ENDS?**

Your account will become payable when you terminate employment. At that time, you will owe taxes on the amounts you receive (see below). Your account will be paid in the form of a cash lump sum or other available form.

If you die, your beneficiary will receive 100% of your vested account balances in a cash lump sum distribution or other available form.

If the vested amount of your account does not exceed \$5,000, excluding rollovers, your vested account will be paid in a cash lump sum. If the amount of the distribution is more than \$1,000 including rollovers and you do not elect either to receive the distribution or to roll over the distribution, then your distribution will be rolled over to an IRA.

### **MAY I RECEIVE MY FUNDS IF I HAVE A FINANCIAL HARDSHIP?**

If you suffer a financial hardship, you may request the Church to make a distribution in an amount that is considered necessary to satisfy your immediate and heavy financial need. Your distribution may be made from your pre-tax Elective Deferral account excluding earnings. If a withdrawal of your pre-tax Elective Deferrals has occurred pursuant to this Section, then your Elective Deferrals will be suspended for 6 months after the receipt of the hardship withdrawal under all plans maintained by the Church.

## **MAY I DIRECT HOW MY CONTRIBUTIONS WILL BE INVESTED?**

You may direct the investments of your account to be invested in one or more of the available investment funds under the Plan. Your elections will be subject to such rules and limitations as the Church may prescribe.

A recordkeeping account will be maintained for you to reflect your contributions and earnings or losses from investment results. You will receive a periodic report showing the amount in your account and the results of your investments.

## **CAN MY RETIREMENT BENEFITS BE PAID AS A MINISTER'S HOUSING ALLOWANCE?**

Yes, if an amount is designated as housing allowance by the Church and paid to you as a retired minister or member of the clergy. If you are eligible for a housing allowance it is your responsibility to claim the housing allowance and to verify its eligibility under the tax laws for exclusion from taxable income.

## **WHEN DO I PAY TAXES?**

Your contributions plus earnings build up tax-deferred for as long as they stay in the Plan.

When payments are made from the Plan, you will owe income taxes on the amount paid to you. However, you may be able to roll over a cash lump sum payment to an IRA or another plan to defer taxes.

## **HOW ARE PLAN EXPENSES PAID?**

Generally, your Employer will pay Plan expenses. However, the Plan does permit the payment of Plan expenses to be made from Plan assets. If the Employer does not pay these expenses, then the expenses paid using the Plan's assets will generally be allocated among the accounts of all Participants in the Plan. These expenses will be allocated either proportionately based on the value of the account balances or as an equal dollar amount based on the number of Participants in the Plan. The method of allocating the expenses depends on the nature of the expense itself. For example, certain administrative (or recordkeeping) expenses would typically be allocated proportionately to each Participant. If the Plan pays \$1,000 in expenses and there are 100 participants, your account balance would be charged \$10 (\$1,000/100) of the expense.

After you terminate employment, your Employer reserves the right to charge your account for your pro rata share of the Plan's administration expenses, regardless of whether the Employer pays some of these expenses on behalf of current employees.

There are certain other expenses that may be paid just from your account. These are expenses that are specifically incurred by, or attributable to, you. For example, a check distribution fee is charged if you make a request for a lump sum payment. This expense may be paid directly from your account (and not the account of other participants) because it is directly

attributable to you. The Plan Administrator will inform you when there will be a charge (or charges) directly to your Participant account.

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

### **SPECIAL SECURITIES LAW NOTICE**

The Plan or account under the Plan maintained to manage or hold assets of the Plan and interests in such Plan is not subject to registration, regulation, or reporting under the Investment Company Act of 1940, the Securities Act of 1933, the Securities Exchange of 1934, Title 15 of the United States Code, or State securities laws. Therefore, the Plan participants and beneficiaries will not be afforded the protections of those provisions.

### **IMPORTANT NOTICE**

The preceding explanation briefly summarizes the primary features of the Plan. Complete details are in the legal documents that establish the Plan. If this explanation should disagree with the legal documents, the legal documents will control.

### **ADDITIONAL QUESTIONS**

If you have any questions regarding this Plan, contact the Plan Sponsor.

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EIN: 94-1530038

Plan Effective Date: January 1, 2015  
Plan Year End: December 31

## APPENDIX

### Plan Expense Allocations

The Plan will assess against your individual Participant account the following Plan expenses which are incurred by you, or are attributable to you, based on your use of a particular Plan feature, as listed by type and the amount charged:

➤ Lump Sum Distribution Following Termination.

This fee covers the distribution of your Participant account in a single sum upon your termination of employment and includes preparation of required notices and elections, the distribution check or transfer of funds by direct rollover (as appropriate), and tax reporting forms.

Amount: \$40.00

➤ Administrative Processing Fee to Eliminate Certain Small Account Distributions.

If your Participant account is distributable (for example, upon termination of employment) and the distribution process fee equals or exceeds your vested account balance, the Plan will charge the processing fee against the vested account balance, resulting in the elimination of the account balance without any distribution to you.

These fees are subject to change.