An Update On Your Pension Plan Benefits

The Pension Plan for Clergymen and Lay Employees of the Greek Orthodox Archdiocese of America
Announcing Changes to Your Pension Plan for 2018

The Pension Plan is an important part of the Archdiocese’s benefits program. Through a partnership approach, the plan can help you build financial security for your retirement.

Over the years, we have routinely reviewed our Pension Plan to ensure it continues to provide meaningful benefits. We take into account many factors that must be managed to ensure the plan remains financially healthy in our current environment and sustainable for the future. Following our latest review, we have made some changes to the plan affecting all eligible clergy and lay employees.

New contribution formula

Effective January 1, 2018, we are changing the plan’s pension formula, which will impact the contributions you make in funding your benefits. The plan currently offers a two-tier contribution formula. In 2018, you will have a choice of three different contribution levels.

How the new formula impacts you

Under the new formula, you can continue to earn the same level of pension benefits you do today. However, you will need to increase the amount you contribute to the plan. Whenever a financial or life change occurs that can affect your financial plan for retirement, you should review your situation (with a financial advisor if needed) and take the action appropriate for your financial objectives.

Why this change is important

There is a significant cost to maintaining the Pension Plan, and recent demographic and economic conditions have escalated those costs. If we want to continue the plan over the long-term, it is important that we keep our benefit costs in line — especially during financially challenging times. The new pension formula will allow us to continue the plan at a benefit level that is both affordable and valuable to participants.

Read this brochure to learn more

The remaining pages of this brochure describe the pension changes in more detail. We encourage you to read this to learn more about how the Pension Plan will work beginning in 2018. If you have any questions after reading the brochure, please contact Mercer at 877-261-8694, or the Archdiocese Benefits Office at 212-570-3535.
How the Pension Plan Works

As a member of the clergy of the Archdiocese, you are eligible and have committed to participate in the Pension Plan immediately upon ordination and assignment.

As a lay employee with a Metropolis, Hellenic College/Holy Cross School of Theology, Leadership 100 or Philoptochos, you are eligible to participate in the Pension Plan on your first day of employment.

To participate, you must enroll in the plan and make contributions which are used to help fund your pension. The benefits you earn are based on the percentage of pension earnings you choose to contribute. If you do not enroll before completing 24 consecutive months of service, you will be subject to a reduced rate of benefit accruals.

Here is how your pension is currently calculated:

Your pension is based on a formula that calculates a percentage of your pension earnings over your entire career with the Archdiocese. Pension earnings mean your salary, including any housing allowance, as well as your self-employment tax (SECA), if reimbursed.

The percentage has changed over the years. Currently, you have a choice of two pension accrual rates, based on the contribution tier you elect:

<table>
<thead>
<tr>
<th>Current Pension Plan Formulas</th>
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<tbody>
<tr>
<td><strong>If you contribute this amount to fund your pension ...</strong></td>
</tr>
<tr>
<td>Tier 1</td>
</tr>
<tr>
<td>Tier 2</td>
</tr>
</tbody>
</table>

*Prior to 2004, the pension accrual rates were 1.25% (for service 1/1/73 to 12/31/80); 1.875% (for service 1/1/81 to 12/31/82); and 2% (for service 1/1/83 to 12/31/03).*

For example, assume you were hired in 2005, work 20 years for the Archdiocese, and earn $50,000 in pension earnings each year over this period. Also assume you elected to earn benefits under the Tier 2 formula, which means you contribute 5% of pension earnings toward your pension.

Here’s how your pension benefit is determined:

\[
2\% \times \$50,000 \times 20 = \$20,000 \text{ a year}
\]

In this example, you would have earned an annual pension of $20,000, or $1,667 each month. This benefit is payable to you for life beginning at age 65.
New Pension Formulas Beginning in 2018

The Pension Plan’s benefit formulas are changing. Effective January 1, 2018, you will choose from three tiers to determine your pension accruals, as follows:

<table>
<thead>
<tr>
<th>Tier 1</th>
<th>3.5% of pension earnings</th>
<th>For each year of service after January 1, 2018, you earn a pension benefit equal to ...</th>
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<tbody>
<tr>
<td>Tier 2</td>
<td>5% of pension earnings</td>
<td>1% × pension earnings</td>
</tr>
<tr>
<td>Tier 3</td>
<td>6.5% of pension earnings</td>
<td>1.5% × pension earnings</td>
</tr>
</tbody>
</table>

As you can see, to continue at the same pension accrual rates in 2018, you will need to increase the amount you contribute to fund your benefit. Note that you are not required to increase your contributions. However, if you do not, your pension accrual percentage will decrease.

How the Changes May Impact You – Some Examples

To better understand the changes, you should look at how the current formulas compare to the new formulas, as shown above. To help you compare, here are a few examples.

For each of the examples that follow:

Assume your pension earnings are $50,000 and you have 20 years of continuous service with the Archdiocese – 10 years prior to 2018 and 10 years after. Here is how your pension and your contributions could change with the new formulas if you stay in the same tier or move to another tier.

You remain in Tier 1

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<tbody>
<tr>
<td>Tier 1</td>
<td>1.5% × $50,000 = $750</td>
<td>Tier 1</td>
<td>1.0% × $50,000 = $500</td>
<td>$250 decrease</td>
</tr>
</tbody>
</table>

In this case, your contributions would remain the same (3.5% of pay), but the rate your pension benefits grow would decrease $250 each year, or $2,500 over 10 years.
You move from Tier 1 to Tier 2

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<tbody>
<tr>
<td>Tier 1</td>
<td>1.5% × $50,000 = $750</td>
<td>Tier 2</td>
<td>1.5% × $50,000 = $750</td>
<td>$0 change</td>
</tr>
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In this case, the rate you earn your pension benefits would remain the same, but your contributions to the plan would increase by 1.5% of pay (5% - 3.5%), or $750.

You remain in Tier 2

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<tbody>
<tr>
<td>Tier 2</td>
<td>2% × $50,000 = $1,000</td>
<td>Tier 2</td>
<td>1.5% × $50,000 = $750</td>
<td>$250 decrease</td>
</tr>
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In this case, your contributions would remain the same (5% of pay), but the rate your pension benefits grow would decrease $250 each year, or $2,500 over 10 years.

You move from Tier 2 to Tier 3

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<tbody>
<tr>
<td>Tier 2</td>
<td>2% × $50,000 = $1,000</td>
<td>Tier 3</td>
<td>2% × $50,000 = $1,000</td>
<td>$0 change</td>
</tr>
</tbody>
</table>

In this case, your pension accruals would remain the same, but your contributions to the plan would increase 1.5% (6.5% - 5%), or $750.

All Other Plan Features Will Not Change

While the Pension Plan formulas are changing, all other plan features will remain the same:

- **Vesting.** You earn a full, non-forfeitable right to your benefit after completing five years of Pension Plan participation.
- **Early retirement.** You can receive your pension as early as age 55 if you are vested.
- **Minimum benefit.** If you became a plan participant before 2017, made the required contributions, and retire at age 65 with a vested benefit, you are entitled to a minimum pension benefit of $500 a month.
- **Payment options.** The plan offers a number of annuity options that provide monthly benefits to you for life or to you and your spouse.

For more details about these features, refer to your Facing the Future Handbook.
What You Need to Do

You will receive more information about how to change your Contribution Tier in the coming weeks, prior to January 1, 2018. You will need to decide whether to continue contributing to the Pension Plan at the percentage you do today or to increase your contributions for 2018. Here are your options:

If you contribute 3.5% of pay under the Tier 1 formula today, you can:

- Keep your contributions the same under Tier 1 and your pension accrual will decrease to 1% times your pension earnings each year beginning in 2018
- Increase your contributions to 5% of pay under Tier 2 and your pension accrual will remain the same going forward
- Increase your contributions to 6.5% of pay under Tier 3 and your pension accrual will increase to 2% times your pension earnings beginning in 2018

If you contribute 5% of pay under the Tier 2 formula today, you can:

- Keep your contributions the same under Tier 2 and your pension accrual will decrease to 1.5% times your pension earnings each year beginning in 2018
- Increase your contributions to 6.5% of pay under Tier 3 and your pension accrual will remain the same going forward
- Decrease your contributions to 3.5% of pay under Tier 1 and your pension accrual will decrease to 1% times your pension earnings beginning in 2018

A Final Word

Planning for the future is one of the most important and, often times, difficult things we have to do. That is why the Archdiocese sponsors the Pension Plan — to help you build a foundation of retirement income.

We hope you will contribute at a level that makes sense for you and your financial situation. While the Pension Plan provides you with a valuable source of retirement income, it is not designed to be your only source.

Taken together, your Pension Plan, your 403(b) Plan, personal savings (if any), and Social Security benefits can provide you with the resources you need to meet your future financial goals.
This brochure describes the changes and key provisions of the Pension Plan for Clergymen and Lay Employees of the Greek Orthodox Archdiocese of America (the “Pension Plan”). In the case of a conflict between this brochure and the plan document, the provisions of the plan document will control.