

Comparative Plan Highlights:

**The Episcopal Church Lay Employees' Retirement Plan
(Lay Defined Benefit Plan)**

and

**The Episcopal Church Lay Employees' Defined Contribution Retirement Plan
(Lay Defined Contribution Plan)**

The Church Pension Fund sponsors two retirement plans for eligible lay employees of The Episcopal Church. This document provides a brief overview of each plan.

The Lay Defined Benefit Plan

Overview

The Lay Defined Benefit Plan (Lay DB Plan) is funded solely by employer contributions currently equal to 9% of each eligible employee's annual compensation. Vested participants will receive a benefit determined at the time of their retirement without regard to the market performance of the Lay DB Plan's assets. This form of pension plan is known as a "defined benefit" plan.

Employees are not permitted to make contributions to a defined benefit plan, nor do they have their own individual accounts. However, an employee who participates in the Lay DB Plan may contribute to other kinds of retirement plans, such as a 401(k), 403(b) or an IRA, up to the prescribed Internal Revenue Code limits.

The Lay DB Plan provides a defined monthly benefit to retirees according to a formula based on years of Credited Service (CS) and Highest Average Compensation (HAC). When financial markets are uncertain, many people are glad to have a defined benefit plan.

The Lay DB Plan assets are commingled for investment purposes with the assets of The Church Pension Fund Clergy Pension Plan and are managed by the same highly qualified investment team that manages the assets of that plan.

A pre-retirement survivor benefit is provided to eligible spouses of active participants who die on or after attaining age 55. Active participants in the Lay DB Plan are also covered by The Episcopal Church Lay Employees' Death Benefit Plan, which provides a lump sum death benefit equal to twice the participant's annual compensation, with a maximum benefit of \$50,000, to the participant's designated beneficiary(ies).

If an active participant becomes disabled and can no longer work, disability retirement benefits are available.

For detailed plan information, please refer to the [Guide to Benefits Under the Lay Defined Benefit Plan](#).

The Lay Defined Contribution Plan

Overview

The Lay Defined Contribution Plan (Lay DC Plan) is funded by employer contributions and/or employee contributions, which are invested through individual participant accounts. Participants will receive a benefit at the time of their retirement based on their account balance. This form of pension plan is known as a “defined contribution” plan.

General Convention Resolution 2009-A138 requires a participating employer in the Lay DC Plan to contribute an amount equal to at least 5% of an eligible employee’s annual compensation, whether or not the employee makes any contributions to the plan, and to match the employee’s own contribution up to 4% of the employee’s compensation. The employee is not limited to contributing 4% of his or her compensation but may contribute even more towards his or her retirement savings.

General Convention Resolution 2012-C042 extends the period for schools only to phase in the full employer base and matching contributions until January 2018. Read General Convention [Resolution 2012-C042 and see the school phase-in schedule](#).

Both the employer and employee contributions are immediately 100% vested.

Unlike the Lay DB Plan, each participant in the Lay DC Plan has his or her own account and directs how the funds are invested. The participant chooses among a range of investment options, including stocks, bonds, and mutual funds, and can transfer funds¹ from one investment option to another available under the Lay DC Plan.

Retirement benefits under the Lay DC Plan are based on the market value of the participant’s account at retirement. The amount available at retirement depends on the amount invested and the performance of the investments over time.

Contributions to the Lay DC Plan can be made on a tax-deferred basis up to Internal Revenue Code limits, meaning that the employee does not pay income tax on the contributions or on any earnings until funds are distributed from the plan. Making pre-tax contributions reduces the employee’s taxable income while putting more money to work for retirement.

For detailed plan information, please refer to the [Lay DC Employee Guide](#).

¹ Certain transfer limitations apply to the Stable Value Option.

Highlights of the Lay Defined Benefit Plan

Effective Date	Eligible employees may participate on the first of the month following their date of hire and enrollment in the plan.
Normal Retirement Age	65 years old.
Early Retirement Age	55 years old; benefits will be reduced from the amount that would have been payable at normal retirement age.
Employee Contributions	None required or permitted.
Employer Base Contribution	The employer pays all contributions on behalf of the participant. The amount of the employer contribution is evaluated each year and is currently 9% of a participant's annual compensation.
Employer Match Contribution	Not applicable.
Pension Formula	1.5% of HAC multiplied by years of CS. HAC generally equals the average of the highest-paid seven out of eight consecutive 12-month periods during which an employee is an active participant in the plan. CS is the period of years and months for which full assessments have been paid on behalf of a participant. If the participant has fewer than eight consecutive years of CS, the benefit will be calculated using the average yearly compensation the participant has earned.
Investment Options	The plan assets are managed by the same highly qualified investment team responsible for the investment of the assets of The Church Pension Fund Clergy Pension Plan. Participants do not hold individual accounts.
Optional Retirement Dates/ In-Service Withdrawals	A participant may retire as early as age 55. Retirement may be deferred until after age 55. Active participants continue to accrue benefits as long as contributions continue to be made on their behalf. However, if a participant terminates employment, the participant must begin receiving a retirement benefit after attaining age 70½. The plan does not generally permit in-service withdrawals.
Forms of Retirement Benefit Payments	<p>Straight-life annuity: Pays a fixed amount per month for the remaining life of the participant. Payments cease upon the participant's death.</p> <p>Joint and survivor annuity: For married participants, a 50% joint and survivor annuity is the default option, unless both parties elect differently. This 50% joint and survivor annuity pays a fixed amount per month for the remaining life of the participant with a continuing benefit of half that amount to the surviving spouse for his/her remaining life. This option is also available for single participants who want to leave a benefit to a beneficiary. For a list of other benefit payment options, click here.</p>
Vesting	<p>A participant becomes vested upon (a) accumulating five years of CS in the plan, (b) attaining age 55 while actively participating in the plan, or (c) becoming eligible for disability retirement under the plan, whichever occurs first.</p> <p>A participant who previously worked for an Episcopal employer that did not participate in the Lay DB Plan may receive vesting credit for that period of service if the employee and/or the employer notifies The Church Pension Fund in writing of such employment. To be eligible, the participant must have worked at least 1,000 hours annually.</p>
Loans	Not available.

Pre-Retirement Death Benefit	The plan includes a pre-retirement survivor benefit payable to eligible spouses. Please note that this benefit is limited to participants who die on or after attaining age 55 and who have eligible surviving spouses. That is, if a participant dies before age 55 or if he or she does not have an eligible spouse, there is no pre-retirement survivor benefit paid from the plan.
Lump Sum Death Benefit	Active participants in the Lay DB Plan are covered by The Episcopal Church Lay Employees' Death Benefit Plan, which provides a lump sum death benefit of up to \$50,000 to a participant's designated beneficiary(ies).
Disability Benefit	An active participant who is determined to be disabled by the Plan Administrator will receive a monthly disability benefit payable until the earliest of recovery, death, the date the participant fails to submit proof of the continuance of disability, or the participant's normal retirement date. The amount will be equal to the accrued benefit as of the date of the disability based on the participant's HAC and the greater of ten years or the participant's actual years of CS as of such disability date.
Compensation on which Required Employer Contributions are Calculated	Compensation includes base salary, overtime, special service fees, bonuses, severance pay and utilities. The assessable value of church-supplied housing is 30% of base salary plus utilities if housing is provided rent-free and 40% of base salary plus utilities if housing and meals are provided at no cost. Any cash housing allowance and/or housing equity allowance that a participant receives is not included in Compensation.
Participant Fees	Not applicable.

Highlights of the Lay Defined Contribution Plan

Effective Date	Eligible employees may participate on the first of the month following their date of hire and enrollment in the plan.
Normal Retirement Age	Not applicable
Early Retirement Age	A participant may retire at any age after age 55.
Employee Contributions	Employee contributions of up to 100% of salary may be permitted provided the total amount contributed in a given year does not exceed Internal Revenue Code limits. See the 2015 IRS Pension Plan Limitations at www.irs.gov/uac/Newsroom/IRS-Announces-2015-Pension-Plan-Limitations-1
Employer Base Contribution	General Convention Resolution 2009-A138 requires participating employers to contribute an amount equal to at least 5% of an eligible employee's annual compensation. Higher contribution levels are allowed by the plan within the limits of the Internal Revenue Code. (Schools may be subject to a different contribution rate schedule as set forth in General Convention Resolution 2012-C042.)
Employer Match Contribution	General Convention Resolution 2009-A138 requires participating employers to make matching contributions of up to 4% of an eligible employee's annual compensation. These are in addition to the 5% employer base contribution. (Schools may be subject to a different contribution rate schedule as set forth in the General Convention Resolution 2012-C042.)
Pension Formula	Not applicable. The benefit is based solely on the participant's account balance at the applicable distribution date.

Investment Options	The investment options include a variety of choices ranging from a money market mutual fund to growth-focused stock funds, bond funds, and a Stable Value Option. Also included are the Fidelity Freedom K® Funds, which are the default investment options under the plan. The participant bears all of the investment risk. Click here for a list of current investment opportunities.
Optional Retirement Dates/ In-Service Withdrawals	A participant may retire at any age after age 55, although he or she may delay distributions until a later date. However, if the participant terminates employment from a participating employer, he or she must begin receiving distributions from the plan after attaining age 70½. The plan also permits in-service withdrawals upon attainment of age 59½, and hardship withdrawals with the consent of the participating employer and the Plan Administrator.
Forms of Retirement Benefit Payments	A participant's savings may continue to grow tax-deferred until he or she begins taking distributions from the plan. Distributions can be in the form of a single lump sum payment, or annual, semi-annual, quarterly, or monthly installments of at least \$50 over a period of years elected by the participant, provided such period is no longer than the participant's life expectancy or joint life expectancy of the participant and his or her beneficiary. A participant receiving periodic installment payments may also elect to receive a partial lump sum distribution of at least \$500 at any time after termination. Note that any portion of the account that is allocated to the Stable Value Option may be paid in any form required or permitted under that option. See Distribution Options for more information.
Vesting	Both employer and employee contributions are immediately 100% vested.
Loans	The plan allows employee loans (up to two at any one time) subject to Internal Revenue Service limitations. A participant may borrow the lesser of 50% of his or her account or \$50,000. Terminated employees may not take a loan from the plan.
Death Benefit	The account balance is payable to the named beneficiary or, if there is no named beneficiary, the participant's surviving spouse, if any, or if none, the participant's estate.
Disability Benefit	The account balance is payable to a disabled participant with the 10% tax penalty waived.
Compensation on which Required Employer Contributions are Calculated	Compensation includes base salary, overtime, special service fees, bonuses, severance pay, and utilities. The assessable value of church-supplied housing is 30% of base salary plus utilities if housing is provided rent-free and 40% of base salary plus utilities if housing and meals are provided at no cost. Any cash housing allowance and/or housing equity allowance that a participant receives is not included in Compensation. (Note that for purposes of calculating employee salary deferrals, severance pay and housing are disregarded.)
Participant Fees	An administrative fee, currently fixed at 0.05% per quarter, is charged at the beginning of each quarter based upon the market value of the account at the end of the prior quarter. Fees will also be charged if the participant takes a loan. There are no administrative fees associated with the Stable Value Option, although transfer fees may apply. As with all mutual fund investments, there are underlying fees and expenses which will vary by fund. Please review the applicable mutual fund prospectus for information about fund fees and expenses.
Contact Us	For additional information, visit www.cpg.org or call our Client Services team at (866) 802-6333, Monday – Friday, 8:30AM – 8:00PM ET (5:30AM – 5:00PM PT), excluding holidays. You can also email us at benefits@cpg.org .

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