

Revision of the Priest's Retirement Plan

Formula:	On a monthly basis, benefits would equal to the greater of A -- \$30 times Years of Service through 12-31-00 plus \$50 ¹ times Years of Service beginning 1-1-01 OR B -- \$35 times Year of Service
Retiree Enhancement:	Monthly benefits currently paid retirees would be adjusted for cost of living increases from the time of retirement to 2001. Cost of living adjustments (currently 3%) would take place annually thereafter for all current and future retirees.
Cost:	Cost of the current formula (\$30 times Years of Service) is \$828 per participant, per year. Cost of the new formula will be \$1757 per participant, per year.
Examples:	Follow

¹ \$50 increases by \$1 each year beginning in 2002: in 2002, the multiplier is \$51, 2003 = \$52, 2004 = \$53 etc.

Example 1:

Assume current age is 56 and Years of Service as of 12-31-00 are 11. Upon attaining age 65, Years of Service will be 20 and the monthly pension benefit will be determined as follows:

Greater of $\$30 \times 11 = \$330 + \$54$ (average of \$50 increased annually for 9 years) $\times 9 = 486$ Total = **\$816**

OR

$\$35 \times 20$ Years of Service = \$700

Total retirement income could be:

The monthly pension benefit	\$ 816 ²
Estimated Social Security	\$ 637
Estimated 403(b) monthly draw	\$ 417 ³
Personal Savings	<u>\$ 100</u>
Total	\$1,970

Example 2:

Assume current age is 44 and Years of Service as of 12-31-00 are 4. Upon attaining age 65, Years of Service will be 25 and the monthly pension benefit will be determined as follows:

Greater of $\$30 \times 4 = \$120 + 21 \times \$60 =$ **\$1260**

OR

$\$35 \times 25 =$ \$875

Total retirement income could be:

The monthly pension benefit	\$1,260 ⁴
Estimated Social Security	\$ 637
Estimated 403(b) monthly draw	\$ 708 ⁵
Personal Savings	<u>\$ 100</u>
Total	\$2,705

² Increased annually after age 65 for cost of living, currently at 3%.

³ Assumes an average annual contribution of \$1,500 for 20 years, a 7% growth rate and matching contributions beginning in 2001 for a total balance of \$81,000. Estimated life expectancy at age 65 is 20 years. Compounded returns allow for an average annual drawdown of \$5000.

⁴ Increased annually after age 65 for cost of living, currently at 3%.

⁵ Assumes an average annual contribution of \$1,500 for 25 years, a 7% growth rate and matching contributions beginning in 2001 for a total balance of \$150,00. Estimated life expectancy at age 65 is 20 years. Compounded returns allow for an average annual drawdown of \$8,500.

Example 3:

Assume current age is 61 and Years of Service as of 12-31-00 are 26. Upon attaining age 65, Years of Service will be 30 and the monthly pension benefit will be determined as follows

Greater of $\$30 \times 26 = \$780 + 4 \times \$51.50 = \206 Total = \$986

OR

$\$34 \times 30 = \mathbf{\$1,050}$

Total retirement income could be:

The monthly pension benefit	\$1,050 ⁶
Estimated Social Security	\$ 609
Estimated 403(b) monthly draw	\$ 308 ⁷
Personal Savings	<u>\$ 150</u>
Total	\$2,117

Example 4:

Assume current age is 40 and Years of Service as of 12-31-00 are 10. Upon attaining age 65, Years of Service will be 35 and the monthly pension benefit will be determined as follows:

Greater of $\$30 \times 10 = \$300 + 25 \times \$62 = \$1,550$. Total = **\$1,850**

OR

$\$35 \times 35 = \$1,225$

Total retirement income could be:

The monthly pension benefit	\$1,850 ⁸
Estimated Social Security	\$ 621
Estimated 403(b) monthly draw	\$ 875 ⁹
Personal Savings	<u>\$ 150</u>
Total	\$3,496

⁶ Increased annually after age 65 for cost of living, currently at 3%.

⁷ Assumes an average annual contribution of \$1,500 for 20 years, a 7% growth rate and matching contributions beginning in 2001 for a total balance of \$70,000. Estimated life expectancy at age 65 is 20 years. Compounded returns allow for an average annual drawdown of \$3,700.

⁸ Increased annually after age 65 for cost of living, currently at 3%.

⁹ Assumes an average annual contribution of \$1,500 for 35 years, a 7% growth rate and matching contributions beginning in 2001 for a total balance of \$180,000. Estimated life expectancy at age 65 is 20 years. Compounded returns allow for an average annual drawdown of \$10,500.

Example 5:

Assume current age is 65 and Years of Service as of 12-31-00 are 40. The monthly pension benefit will be determined as follows:

Greater of: $\$30 \times 40 = \$1,200$

OR

$\$35 \times 40 = \mathbf{\$1,400}$

Total retirement income could be:

The monthly pension benefit	\$1,400 ¹⁰
Estimated Social Security	\$ 609
Estimated 403(b) monthly draw	\$ 292 ¹¹
Personal Savings	<u>\$ 100</u>
Total	\$2,401

¹⁰ Increased annually after age 65 for cost of living, currently at 3%.

¹¹ Assumes an average annual contribution of \$1,500 for 20 years, a 7% growth rate and no matching contributions for a total balance of \$66,000. Estimated life expectancy at age 65 is 20 years. Compounded returns allow for an average annual drawdown of \$3,500.