

Why is the archdiocese starting a NEW 403(b) plan?

Q: Why are we making this change?

A: Historically, church-sponsored plans (parish plans or church-sponsored schools) were allowed to operate differently than 401(k) plans. For example, each parish or school within the archdiocese was permitted to operate independently, using different service providers and different plan provisions. The 403(b) regulations changed, requiring a single written plan document and a single plan provider. The fiduciary responsibility also increased for sponsoring a 403(b) plan. The archdiocese is starting a new aggregated 403(b) plan to ensure all employers are in compliance. A single plan will reduce administrative costs of a standalone plan, enhancing the program offering, and shifting this liability off each parish and school. The cost per employer and per employee will be much lower in a large, consolidated plan. By centralizing the administration and fiduciary liability, it lightens the burden on each employer within the archdiocese. In other words, the archdiocese is making this change because federal regulations require the updates, but the benefits of upgrading the plan are enormous.

Q: Will the employer (the parish or school) continue to have a Retirement Plan Committee?

A: It is not necessary for each parish or school to maintain their own committee. The archdiocese will bear the burden of maintaining a Retirement Plan Committee at a global level for the entire 403(b) plan.

Q: Are 403(b) plans costly for plan participants?

A: A large institutional employer-sponsored retirement plan (like a 403(b) plan) is much less expensive for the plan participants than a small individual retirement plan (like an Individual Retirement Account or IRA). The cost of this aggregated solution should be less expensive per employer and per employee. With the Archdiocese of Milwaukee, the cost of the 403(b) includes the cost of plan services from Lincoln Financial plus the cost of advisory services from PHD. Retirement Consulting. Lincoln Financial reduces their costs as the plan grows. And financial advice is provided for employees at no cost because (a) the cost is paid by the Central Office of the archdiocese, and (b) no financial products will be sold to the employees.

Q: Will this new plan benefit me and my retirement planning? If so, how?

A: Each employee will benefit from a low-cost savings vehicle when participating in the 403(b) plan. And every employee has access to a personal 'Money Coach' to provide free advice about the 403(b) plan or any financially related topic (see below). Access to FREE financial advice provides a significant benefit for employees and we encourage everyone to utilize this benefit, even if choosing not to participate in the 403(b) plan.

How does the 403(b) plan work?

Q: What is a 403(b) plan?

A: A 403(b) retirement plan is similar to a 401(k) plan but available only to non-profit organizations. Employees choose to have pre-tax or Roth contributions deducted from their paychecks and select how to invest those funds from available investments.

Q: Why should I save in a 403(b) plan?

A: The benefits of using a 403(b) include:

1. The ability to save either pre-tax or with after-tax Roth contributions that grow tax free.
2. A simple way to save since contributions are made through payroll deductions.
3. Employees maintain control over the amount of savings and the investment choices.
4. It allows employees to supplement other retirement savings (like the pension and Social Security).
5. An aggregated 403(b) plan for the entire Archdiocese provides everyone a low-cost option to save.

Q: Who can participate in the 403(b) Plan?

A: Every employee within the Archdiocese of Milwaukee. This plan is being rolled out in waves, but eventually every employer (every parish or school) will adopt the 403(b) plan.

Once adopted by your employer, employees may enter the plan on the 1st of the month following 3 months of service. (NOTE: employees with 3 months of service upon adoption of the plan by their employer are immediately eligible to participate.)

Q: How can we invest in the 403(b) plan?

A: Employees may invest in the 403(b) plan through payroll deductions. After an employer adopts the plan, employees will be eligible to participate. There are certain defaults (default investments and default contribution amounts) that will apply if an employee does not make an election. Each employee will be provided personal one-on-one assistance with setting up their account and making any necessary elections. Contributions can be changed or stopped at any time.

Q: Will it be my responsibility to submit contributions to the plan or will payroll do this for me?

A: Payroll will submit contributions on behalf of each employee. It is not possible for employees to submit contributions directly. The contribution process is automatically handled on behalf of the employees.

Q: When can an employee join the 403(b) plan?

A: An employee may join the 403(b) plan at any time after their employer adopts the plan and after the employee meets eligibility. In other words, there is not an “open enrollment” period during which elections must be made. Employees can join the plan at any time, change their contribution amount at any time, or stop contributions at any time.

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Q: Why does our plan have a default investment of 3%?

A: Every plan has a default investment rate. The default is simply what happens in lieu of an election. Some plans have a default of 0%, meaning that if an election is not made the savings rate is 0%. The archdiocese set the default investment rate at 3% to help everyone get started. If an employee chooses to not participate, they may opt out of this default election at any time. At the Archdiocese of Milwaukee, every employee is encouraged to participate but employees do not have to participate. The default rate of 3% is a small step that we hope and pray works for every employee.

Q: Why does our plan have a default increase of 1% a year up to 10%?

A: The 3% rate is a great place to start. Unfortunately, it will be difficult to replace current lifestyles in retirement if employees are saving only 3%. The design of the plan is to encourage small and manageable steps (just 1% a year) to help employees get on track (eventually saving 10% a year). Employees who save 10% (or more) are more likely to retire with dignity and replace their current lifestyle in retirement.

Q: Can I opt out of this default of 3% if I choose not to participate?

A: Yes, employees may opt out of this default rate of 3% at any time (before contributions begin or even after contributions begin). Participation is encouraged but it is not required. Simply contact Lincoln Financial to make an election to opt out of the plan.

Q: Can I opt out of this default increase if I'd like to stay at 3%?

A: Yes, an employee can opt out of this default increase at any time. Any election (electing to do 3% or electing to do more or less than 3%) will opt an employee out of the automatic increases. The auto-enrollment and auto-increase programs only apply if an employee has not made an election. (Note: every employee will have access to an advisor from PHD. Retirement Consulting who can help with any money-related decisions, including budgeting, retirement planning, and whether to save more than 3%.)

Q: Is there an employer match on the plan?

A: The 403(b) plan provides for a discretionary match. Each Adopting Employer (each parish or school) will determine whether there is a match for that location. The employer match is not determined by the archdiocese. If an employer within the archdiocese currently provides an employer match, they will have the opportunity to continue the same match under the new program. The employer match is at the discretion of each Adopting Employer.

Q: What are the vesting rules for the plan?

A: Vesting means ownership ("how much of an employee's account is vested or owned by an employee?"). If an employee is 100% vested, they own 100% of the account balance, and if they leave the archdiocese, they may take 100% of the account. An employee is always 100% immediately vested in contributions they make (or rollover) into the plan. If an employer (the parish or school) provides a discretionary match, vesting is a 3-year schedule (33% in the first year, 66% in the second year, and 100% by the third year). Note, as with eligibility, vesting refers to years of service and not years in the new plan. An employee with three or more years of service is already fully vested when they start.

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Q: What are the distribution options for the plan?

A: There are multiple distributable events and a variety of means of taking distribution. An employee may take distribution of the vested account balance upon separation from employment, upon reaching age 59½, if disabled, or if qualifying under a variety of withdrawal options (including financial hardships related to housing, natural disasters, medical expenses, funeral expenses, or paying for higher education.) The plan also has provisions for distributions under the Qualified Birth or Adoption Distribution or for separation of service for military duty. When taking distributions, an employee may request a lump sum distribution of the entire amount or partial distributions of the qualifying amount at any time and for any amount (with no minimum requirements).

Q: Can I contribute in After-Tax Roth contributions?

A: Yes, the 403(b) plan has a Roth provision. An employee who wants to contribute to Roth needs to elect to contribute to Roth or they will be defaulted into Pre-Tax contributions. Roth contributions grow tax free and produce completely tax-free distributions. (Note: this is not a Roth IRA, which is an individual account with lower contribution limits, but a Roth provision within the 403(b) plan with the same contribution limits as the Pre-Tax contributions.) Also note: The 3% default enrollment is into Pre-Tax and not Roth. If there is an employer match, the matching contributions will apply to Pre-Tax or Roth contributions.

How does it work at Lincoln Financial?

Q: Why was Lincoln Financial chosen?

A: Lincoln Financial provides recordkeeping and administration for more dioceses than any service provider in the industry. They serve approximately 18% of all diocesan organizations in the United States. The Archdiocese of Milwaukee was engaged in a lengthy and thoughtful Request for Proposal (RFP) process. Lincoln Financial provided the best pricing as well as the greatest value; their cost made it easy to select the provider who also had the most experience in this space. As the recordkeeper, Lincoln Financial will keep the records, provide the website (the electronic version of those records), and send the employee statements (the paper version of those records). As the administrator, Lincoln Financial will administer the plan, maintain the plan document, coordinate with payrolls throughout the archdiocese to facilitate contribution uploads, and serve the archdiocese to make it as easy as possible for each parish and school to provide these employee benefits.

Q: How do I reach Lincoln Financial?

A: Employees can receive assistance with their 403(b) by calling Lincoln Financial directly. If employees want to make a transaction this can be done online, in the Lincoln Financial app on your phone, or by calling Lincoln toll free: **877-ASK-LINC** (877-275-5462) AFTER 1/1/2025. If employees need advice about what transactions to make when calling Lincoln Financial, they should contact PHD. Retirement Consulting as the Plan Advisor (see below).

Q: Do I need to contact Lincoln to enroll? Is there a different number to contact after enrolling?

A: You do not need to contact Lincoln Financial to enroll in the plan. You will be automatically enrolled. If you would like to make an election (choosing a different contribution rate or choosing your investments) you may contact Lincoln Financial AFTER 1/1/2025. Lincoln can help employees enroll or help employees with their account after enrolling.

Q: When will the new plan at Lincoln Financial be effective?

A: The effective date is January 1, 2025. Employees may enroll and start contributions any time after 1/1/25 (after reaching eligibility). Note: those who do not make an election by enrolling in January will be auto-enrolled beginning 2/1/2025.

Q: Are there any ongoing plan fees charged by Lincoln Financial?

A: Each account will be debited in quarterly installments of .15% until the overall plan assets reach \$5 million. (This is a cost of \$1.50 on a \$1,000 account.) Any revenue sharing from plan investments will be used to offset this fixed cost in whole or in part. If fund revenue sharing exceeds this amount, all participant accounts will receive a pro-rata credit for the difference. This quarterly fee drops to .085% when overall plan assets exceed \$5 million (a cost of \$0.85 on a \$1,000 account.) And the quarterly fee drops to .045% when overall plan assets exceed \$10 million (a cost of \$0.45 on a \$1,000 account.) Price breaks continue thereafter at \$5 million increments.

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Q: When will I have access to my account at Lincoln?

A: Starting January 1, 2025, you can register for online access. Register at LincolnFinancial.com/register, and once you register, log into your account thereafter at LincolnFinancial.com. Be sure to designate beneficiaries online when enrolling in the plan.

Q: Are there enrollment forms for the plan at Lincoln?

A: The entire enrollment process is paperless. You can enroll online or call Lincoln Financial to make an election. Advisors are available to assist with this process.

Q: Where can I get more information and details about the plan?

A: All notices and forms are available at 403bsimple.com/AOM

What about investments in the NEW 403(b) plan?

Q: What type of investments are available in the 403(b) plan?

A: The key to maximizing return and reducing risk is broad diversification, spreading out the investments between many different investment options. The 403(b) plan provides a broad range of mutual funds to help every employee diversify their portfolio. Investments include actively managed funds and index funds, domestic funds, international funds, bond funds, and even real estate funds. The investments are reviewed on a quarterly basis by the Retirement Plan Committee for the archdiocese, and funds are added or deleted as they are monitored for cost, performance, style integrity, manager tenure, and risk variance.

Q: Are the investments screened for Catholic values?

A: All the plan's investments are screened for Catholic values, using the USCCB Policy (United States Conference of Catholic Bishops), Mensuram Bonam, and the Investment Policy Statement of the archdiocese. When possible, investments are selected for pecuniary reasons (performance and cost) that also screen well for Catholic values. Some investment funds are explicitly faith-based in their management. Other investment funds are not chosen for their Catholic values. Employees may elect a diversified portfolio built completely from the funds exhibiting Catholic values or build a portfolio that only utilizes some of these funds.

Q: What is the default investment? What happens if an employee does not make an election?

A: The 403(b) plan utilizes an age-based portfolio as the default investment. The default is a Target Date Fund, meaning a professionally diversified portfolio of mutual funds risk-adjusted to the year in which the employee will be approximately 65 years of age. If an employee does not make an investment election, they will be defaulted to the appropriate Target Date Fund.

Q: Does the 403(b) plan offer a Brokerage Account Option?

A: The 403(b) plan offers a broad array of mutual funds, selected and monitored by the archdiocese. The 403(b) plan does not offer a brokerage option to select additional funds outside of those investment funds.

Q: What assistance is provided to help employees select the appropriate investments?

A: The 403(b) plan provides every employee with the personal advice and guidance needed to manage their retirement account. Employees can contact the Plan Advisor (PHD. Retirement Consulting) directly by phone or email, and advisors are available for in-person, individual meetings or virtual meetings. (See below)

How payroll contributions work in the new 403(b) plan?

Q: Will it be my responsibility to submit contributions to the plan or will payroll do this for me?

A: Payroll will submit contributions to the plan on behalf of each employee. It is not possible for employees to submit contributions directly to the plan. The contribution process is automatically handled on behalf of the employees.

Q: Will employers submit contributions electronically or by sending a check?

A: Each employer (each payroll coordinator) will submit retirement contributions electronically.

Q: Can Lincoln Financial withdraw contributions automatically from each employer's bank account?

A: Once the payroll file is submitted (by the payroll company or by the payroll coordinator at the employer) Lincoln Financial will debit that amount from each employer's bank account and deposit in the retirement accounts of the employees. The contributions will be submitted as an automatic ACH.

Q: How often will the employer be required to submit contributions?

A: The regulations require that contributions be submitted as soon as administratively feasible, and no less than 7 days from the date of payroll. If an employee is paid twice a month, for example, contributions must be submitted twice a month, within a few days after each payroll. Any contributions beyond the 7-day limit are out of compliance.

What about the OLD 403(b) plan(s)?

Q: Will/can payroll contributions continue to the old 403(b) plan(s)?

A: The new 403(b) plan for the archdiocese replaces any old 403(b) plan in place within the archdiocese or any employer (parish or school) within the archdiocese. It is not possible to continue contributions to the old 403(b) plan(s) currently in place. The new 403(b) plan is not an additional plan (alongside the old plans), but it replaces the old plans. Having multiple plans is out of compliance (see above). The old 403(b) plan(s) will be frozen, no longer sponsored by the archdiocese or eligible to be sponsored by any employers within the archdiocese once the new plan is adopted.

Q: Can employees leave the current 403b plan with the current provider?

A: Employees are encouraged to rollover the previous 403(b) plan assets into the new 403(b) plan. The Plan Advisor (PHD. Retirement Consulting) and Lincoln Financial are prepared to help each employee individually rollover those accounts. The old (or current) 403(b) plans will be frozen and terminated. Note: if there is a cost to transferring the account, Lincoln Financial will work with the previous provider to delay that transfer to avoid any unnecessary expenses. (See below)

Q: Can employees continue to work with their current individual Financial Advisor?

A: Yes, employees are welcome to work with their current individual Financial Advisor. Lincoln Financial and PHD. Retirement Consulting will work with the individual Financial Advisor to provide whatever assistance is needed to serve the best interests of employees.

Q: What will happen with the 403(b) plans already in place at the archdiocese with another provider?

A: The 403(b) plans already in place will be frozen and then terminated. The archdiocese will no longer sponsor other plans with other providers. The trustee-directed accounts will transfer from the old provider to Lincoln Financial. And the individually directed accounts can each transfer individually to Lincoln Financial (with one-on-one personal assistance from Lincoln's 'Concierge Service').

Q: What about 401(k) or 403(b) plans from prior employers? Can they be rolled into the 403(b) plan?

A: The new 403(b) plan is eligible to receive rollovers from other 401(k) and 403(b) plans. Employees who have old accounts from a prior employer may choose this transition to consolidate accounts in the new 403(b) plan with the archdiocese. The Plan Advisor (PHD. Retirement Consulting) can help employees with cost comparisons and provide advice about what to do with prior accounts employees may have.

Q: Will the current 403(b) plan administrator charge a fee to transfer or close the account?

A: It should not cost any substantial fees or expenses to transfer the account, rollover the account, or consolidate the account. In some instances, some 403(b) plans held insurance products with guarantees, such as annuities (rather than mutual funds), and in those cases there could be a surrender charge to close the account. This can often be avoided by taking the distribution over time to avoid surrender charges. For the rollover of any insurance products, an advisor from PHD. Retirement Consulting will assist you in contacting your current provider to understand any potential surrender fees before moving the account.

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Q: How will former 403(b) plan assets transfer to the new 403(b) plan?

A: The investments in the old account will be transferred as cash, invested in the new 403(b) plan according to the investment elections on file, or invested in the default Target Date Fund if no elections are on file. This is a cash transfer and not a transfer in-kind of the same investments.

Q: Is any action needed by the employee to ensure a successful transfer of the old account?

A: If the account is institutionally controlled (trustee-directed) there is nothing that an employee needs to do to initiate this transfer. It will automatically be done for them. If the account is an individually directed account, however, the employee will be involved in the transfer/rollover paperwork. An employee can contact the Plan Advisor (PHD. Retirement Consulting) for assistance. The Plan Advisor can also assist in identifying any possible surrender charges to help avoid hidden fees.

Q: When will the transfer take place?

A: Each plan/account will transfer individually from one another. The Plan Advisor (PHD. Retirement Consulting) can help employees identify the specific timeline that applies to their location. Employees will also receive 30-day notification prior to moving the accounts. Generally speaking, it will take 60-90 days to transfer an existing plan, so employees may begin participating in the new plan before assets from their prior plan are transferred into the new plan.

Q: How long will plan assets be out of the market as a result of the transfer?

A: Upon receiving the wire transfer, Lincoln Financial will re-invest the assets into the market as soon as administratively feasible. There will be a 'Blackout' of the retirement plan in order to move the accounts from one service provider to another. Once the re-invested accounts are fully verified and records confirm that assets transferred correctly, the Blackout will end.

Q: How will I access the information on my account after the transfer to Lincoln Financial is complete?

A: Employees will be notified by Lincoln Financial after the account transfers, and employees may access their account online, on the Lincoln Financial app, or by calling Lincoln at 877-ASK-LINC.

Q: Is any action needed by the employer to notify old providers about the discontinuance of the plan?

A: The old provider(s) will need to be notified that the archdiocese has discontinued sponsoring the 403(b) plan through that particular provider. These old 403(b) plans will be terminated as part of the process of freezing new contributions to these plans and discontinuing their affiliation with the archdiocese. The Plan Advisor (PHD. Retirement Consulting) will work with each Adopting Employer (parish or school) to properly notify these vendors about the discontinuance of services.

What about the Pension Plan?

Q: Does this new 403(b) plan replace the pension plan that the archdiocese currently has?

A: The new 403(b) plan is not a replacement for the pension plan but a supplement to the pension plan. The pension plan, while extremely generous, still provides less than most employees need in retirement. Employees are strongly encouraged to use both the 403(b) plan and the pension plan. The 403(b) plan allows employees to save extra on top of their pension benefits to bridge the Retirement Gap that some employees may experience if only utilizing the pension.

Q: Is the pension plan changing because of the new 403(b) plan?

A: There are no changes being made at this time with the pension plan for the archdiocese. The aggregated 403(b) plan is a complimentary plan to the pension plan. It does not replace the pension plan, but it replaces all existing 403(b) plans throughout the archdiocese. The archdiocese will have one pension plan for the entire archdiocese and one 403(b) plan for the entire archdiocese.

Q: What are the benefits of the 403(b) plan vs. the pension plan for different age employees?

A: The key to long-term retirement planning is to save as much as possible as early as possible. The pension plan provides a nice foundation for employees moving into retirement, but it is imperative to supplement this foundation with Social Security and personal savings. Having the 403(b) plan to supplement the pension plan will be vital for future retirees. This means that the new 403(b) plan is an important compliment for every employee, but increasingly important for younger employees. Without the additional savings in the 403(b) plan, some employees might have found it impossible to retire. Younger employees should take full advantage of the 403(b) plan, saving as much as possible and starting their savings as early as possible. For other employees who are closer to retirement, the pension plan provides a nice safety net.

Who is PHD. Retirement Consulting?

Q: Who is our Plan Advisor? Who is PHD. Retirement Consulting?

A: PHD. Retirement Consulting is a Faith-based, Fee-only, Fiduciary Consultant. PHD. Consulting serves employers like the archdiocese throughout the country. The name 'PHD' is an acronym for 'Plan Health Design,' because healthy retirement plans produce healthy retirement outcomes. As it says in Matthew 7:18, a good tree cannot bear bad fruit, and a bad tree cannot bear good fruit. The 403(b) plan is designed to bear the good fruit of successful retirement outcomes for all employees.

Q: How does the Plan Advisor serve the plan, the archdiocese, and the employees?

A: PHD. Retirement Consulting serves the plan as a Co-Fiduciary, sharing the fiduciary liability with the archdiocese. In serving the archdiocese, the Plan Advisor facilitates the centralized Retirement Plan Committee; is responsible for selecting and monitoring the plan investments; coordinates the administration and management of the plan for each adopting employer (for each parish or school); serves as a liaison between the archdiocese and Lincoln Financial; coordinates and facilitates all employee education; and provides personal advice for all employees throughout the archdiocese.

Q: What resources are available to help employees with retirement planning?

A: Every employee will have access to a personal 'Money Coach.' A Money Coach helps employees with any financially related questions (not just questions about the retirement plan). Employees can ask the Money Coach for help with savings, investing, budgeting, eliminating debt, or any financial issues. (And the personal coaching and advice is always completely confidential.) Employees will receive large group education meetings and have the opportunity for personal one-on-one advice. The resources include a toll-free number to speak with an advisor, personal emails of the advisors, and a calendar-link to schedule a personal session with an advisor. These individual meetings can be facilitated in person or virtually.

Q: How much does it cost each employee to utilize the services of the Plan Advisor?

A: There is ZERO cost for these advisory services. The employees do not pay for the resources available to help them with retirement planning. The archdiocese pays PHD. Retirement Consulting directly. There is no cost to the employee and the Plan Advisor is prohibited from selling any additional financial products to the employee. This is a free resource that every employee should take advantage of.

Q: How can employees contact PHD. Retirement Consulting?

A: Employees can call **844-PHD-401k** (844-743-4015) to reach the Plan Advisor. Emails and calendar links will be provided in person at each enrollment meeting.

Q: Will this new plan benefit me and my retirement planning? If so, how?

A: Each employee will benefit from a low-cost savings vehicle when participating in the 403(b) plan. And every employee has access to a personal 'Money Coach' to provide free advice about the 403(b) plan or any financially related topic. Access to FREE financial advice provides a significant benefit for employees and we encourage everyone to utilize this benefit, even if choosing not to participate in the 403(b) plan.