THE DIOCESE EMPLOYEES' RETIREMENT SAVINGS PLAN

Summary Plan Description

June 2021

PLEASE READ THIS CAREFULLY
AND KEEP FOR FUTURE REFERENCE.

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1. Introduction

The Roman Catholic Diocese of Knoxville (the "Diocese") sponsors a retirement savings plan for you and your beneficiaries, known as the Diocese Employees' Retirement Savings Plan. It is referred to in this summary as "the plan." The plan lets you make savings contributions on a tax-favored basis to your account. And, your employer will match your contributions, dollar for dollar up to 3% of your compensation, to help provide you with an income at retirement.

This booklet is a summary of the plan. It is being furnished to you as a participant or beneficiary of the plan so you will have a better understanding of the plan provisions; however, it does not cover all the plan provisions. You may review a copy of the actual plan document at the plan administrator's office. If there are any differences between this summary and the plan, the provisions of the plan will control and you should disregard this summary.

The plan is a called a Tax Sheltered Annuity Plan as defined by the Internal Revenue Code Section 403(b). It is not subject to the Employee Retirement Income Security Act (ERISA).

If you have questions about this summary or would like additional information about the plan, contact the Diocese at

Roman Catholic Diocese of Knoxville
805 S. Northshore Drive
Knoxville, Tennessee 37919
865-584-3307

2. Becoming a Participant

2.1 WHICH EMPLOYEES CAN JOIN THE PLAN?

Beginning January 1, 2019, all full-time and part-time employees of the Diocese can join the plan.

- A full-time employee is an employee who is regularly scheduled to work at least 30 hours per week.
- A part-time employee is an employee who is regularly scheduled to work a minimum of 20 hours, but less than 30 hours, per week, as determined by the Diocese.

Employees who are classified by the Diocese as Short-Hour Employees, Temporary Employees or On-Call Employees are not eligible to join the plan.

- A Short-Hour Employee is someone who is regularly scheduled to work less than 20 hours per week, as determined by the Diocese.
- A Temporary Employee is someone who is employed to work on a special project or on a "fill-in" basis for short set periods of time, usually not exceeding six consecutive months. No one can be a Temporary Employee for a period that exceeds one year.
- An On-Call Employee (also known as a "per diem" employee) is someone who is hired to work on an as-needed basis, for a short duration of time and less than 20 hours per week. An On-Call Employee who works 20 or more hours per week for a period in excess of six months will be re-classified to an appropriate employee group.

An employee who participated in the plan prior to January 1, 2019, and who is identified by the Diocese as belonging to one of the ineligible employee groups explained above as of January 1, 2019, will cease to be an active participant in the plan as of January 1, 2019.

A full or part-time employee who transfers to one of the ineligible employee groups explained above will cease to be an active participant in the plan as of the date of such transfer.

2.2 WHEN CAN I JOIN THE PLAN?

Unless you are classified by the Diocese as a Short Hour, Temporary or On-Call Employee (see Section 2.1), you are eligible to join the plan as soon as you begin working for the Diocese. You may enroll online at www.principal.com or by telephone by calling the Principal Contact Center at 800-547-7754.

If you do not affirmatively elect to enroll in the plan within 30 days of your first day of employment, then the Diocese will automatically withhold 3% of your pay before taxes each pay period. The 3% will be contributed to an account set up for you in the plan. If you do not wish to make a pretax contribution to the plan or if you wish to contribute a percentage other than the automatic enrollment default percentage or make a catch-up contribution (as explained in Section 3.3), you must submit your request via the plan's website or telephone helpline. Sign on to www.principal.com or call the Principal Contact Center at 800-547-7754.

3. Your Account

3.1 WHAT IS MY ACCOUNT?

When you become a participant, the plan will establish an account in your name. The following types of contributions can be made to the plan:

- deferral contributions
- matching contributions
- rollover contributions

Each pay period the plan will add your share of contributions to your account. Investment earnings will be valued daily to your account.

3.2 FOR DETERMINING CONTRIBUTIONS, WHAT DOES PAY MEAN?

Pay generally means the compensation paid to you during a plan year while you are a participant, including your pretax contributions to a 401(k) plan, a cafeteria plan, a simplified employee pension plan, a tax sheltered annuity/403(b) plan, or a transportation fringe benefit plan; however, pay excludes the following:

- certain fringe benefits and expense reimbursements
- commissions
- welfare benefits
- parsonage allowance paid to any minister of the gospel as part of compensation.

The definition of pay for purposes of the plan is complex. If you have questions about this definition, contact the plan administrator.

3.3 HOW MUCH MAY I CONTRIBUTE TO THE PLAN?

As a participant, you may elect to defer a percentage of your compensation each year instead of receiving that amount in cash. You may defer up to 100% of your pay (subject to required withholdings and deductions), up to a certain dollar limit set by the Internal Revenue Service (IRS). The IRS limit for 2020 is $19,500. The amount you elect to defer will be deducted from your pay in accordance with a procedure established by the Diocese after you satisfy the plan’s eligibility requirements.

Additionally, if you are age 50 or older, then you may elect to defer additional amounts (catch-up contributions) to the plan. Catch-up contributions may be deferred regardless of any other limitations on the amount that you may defer to the plan. The IRS limit for catch-up contributions in 2020 is $6,500.

You are always fully vested (entitled to the entire amount) in the amount you choose to defer into the plan; however, this amount will increase or decrease with any investment gains or losses. Your interest in this account cannot be forfeited for any reason.

3.4 How often can I change the amount I contribute?

You will be permitted to increase or decrease (including revoking) your deferral election at any time. The amount you elect to defer will be deducted from your pay in accordance with a procedure established by the Diocese. The change will be effective on the first following pay period.

To change your contribution election, sign on to www.principal.com or call the Principal Contact Center at 800-547-7754.

3.5 How much will my employer contribute to the plan?

Matching contributions are contributions made by your employer to your account. To receive the matching contribution, you must make deferral contributions. Your employer will make a matching contribution to your account equal to 100% of the amount of your deferral contribution, up to 3% of your pay (or the limit imposed by federal law).

Your matching contributions are immediately vested; therefore, you will always be entitled to the entire amount. This amount will increase or decrease with any investment gains or losses. Your interest in this account cannot be forfeited for any reason.

3.6 What are rollovers?

For purposes of federal regulations, this plan is called a tax sheltered annuity plan or a 403(b) plan. Generally, if you receive a distribution from a former employer's tax sheltered annuity plan, you may "roll over" (have the plan directly transfer) that distribution into this plan within 60 days of distribution to you. This may be important to you because of tax consequences. For instance, you may wish to defer paying taxes on a lump sum distribution you received from a prior employer's plan. The rules involving rollovers are unusually complex. Whether you can, or even should, roll over a distribution is a question you should discuss with your personal tax advisor.

4. Investment of Plan Funds

The custodian deposits contributions, rollovers and transfers in the custodial account established for the plan. The custodian is responsible for the safekeeping of plan assets.

You are responsible for directing the manner in which the funds in your own account are invested.

You may choose to invest your plan account among several different investment funds. You can place 100% of those amounts in one fund or spread your investment in multiples of 1% among all of the funds. (Just make sure your total investments add up to 100%.) If you do not tell the plan administrator how you want your contributions invested, your contributions automatically will be invested in the American Funds Target Date Fund based on your date of birth.

To learn more or to change your investment elections, sign on to www.principal.com or call the Principal Contact Center at 800-574-7754. You may change your elections at any time.

Expenses of administering the plan and custodial account may be paid from the custodial account.

5. Retirement, Death, and Disability

5.1 *When is my earliest retirement age?*

You may retire as early as age 55. The 10% early withdrawal penalty tax (normally imposed on distributions if you are under age 59½) does not apply to payments made after you separate from service if you will be at least age 55 in the year of the separation.

5.2 *Does the plan provide disability benefits?*

No. However, if you leave employment with the Diocese, you will be able to receive 100% of your account balance through a termination distribution. See section 6.2.

5.3 *Does the plan provide for death benefits?*

Yes. If you die, 100% of the balance in your account will be payable to your beneficiary. Ask the plan administrator for more instructions on designating a beneficiary.

6. Payment of Benefits

6.1 When are retirement and death benefits paid?

Generally, your plan benefits begin as soon as practicable after the later of your retirement date or the date you leave employment.

If you are the participant's surviving spouse or other beneficiary, you can elect to have the death benefits begin any time after the participant's death.

6.2 If I quit or otherwise leave employment before retirement, disability, or death may I receive my benefits early?

The benefits from your account normally will be paid within 60 days after the end of the plan year in which you reach your retirement age; however, you may request that earlier payment begin any time after your employment with the Diocese ends. It will take some time to process your request.

You should be aware that the federal government imposes a penalty tax on certain early payments from the plan.

6.3 If I continue working past my retirement date, when do my payments begin?

If you continue working past retirement, your participation in the plan will continue and you may defer receipt of your benefits until after your employment ends.

6.4 In what form will my benefits normally be paid?

Your benefit will be paid in the form of a single lump sum.

7. In-Service Withdrawals and Loans

7.1 May I Make Withdrawals from My Account Before I Leave Employment?

In-service withdrawals of all or a portion of your deferral contributions (but not the earnings), may be made for the following reasons:

- you have attained age 59½;
- you have incurred a financial hardship as defined by the IRS (see Section 7.2 below);
- you qualify for a deemed severance distribution as a result of military service.

In-service withdrawals of all or a portion of your matching contributions may be made for the following reasons:

- you have attained age 59½;
- you qualify for a deemed severance distribution as a result of military service (see Section 7.4 below).

In general, an in-service withdrawal will be subject to current federal income taxation. Also, if you receive an in-service withdrawal before reaching age 59½, you may be charged a penalty tax for early withdrawal.

If you are allowed to take a withdrawal from your account, you may take only one such withdrawal per plan year, unless the withdrawal form allows for more frequent distributions.

The plan administrator may, from time to time, establish administrative rules and conditions for obtaining in-service withdrawals from the plan. Any such additional rules and conditions will be made presented to you at the time you apply for the withdrawal.

7.2 What Is a Financial Hardship?

You may take a hardship withdrawal from a portion of your deferral contributions (but not their earnings) for the following purposes:

- eligible uninsured medical expenses incurred, or that will be incurred by you, your spouse, or your dependents
- purchase (excluding mortgage payments) of your principal residence
- payment of tuition and related educational fees for the next 12 months of post-secondary education for you, your spouse, your children, or your dependents

- amounts necessary to prevent your eviction from your principal residence or foreclosure on the mortgage on your principal residence
- funeral expenses for an immediate family member
- to make repairs to your principal residence caused by a natural disaster, such as tornado or hurricane damage;

To qualify for a hardship withdrawal of your account, you must have no other resources or savings available to you to satisfy the immediate and heavy financial need. Under the plan, you will be considered not to have sufficient resources to meet the immediate and heavy financial need only if all the following conditions are satisfied:

- the distribution the plan makes to you is not in excess of the immediate and heavy financial need, plus any income taxes and penalties reasonably anticipated to result from the distribution;
- you have obtained all distributions (other than hardship distributions) for which you are eligible under the plan.

If you apply for a hardship withdrawal you should be prepared to provide the plan administrator with sufficient documentation from a third party to prove the existence and the amount of your financial hardship.

7.3 May I Borrow Money from the Plan?

Yes. In certain situations, the plan administrator will allow you to borrow funds from your account. Any loans made to you will be subject to the following rules:

(1) A loan may not be for less than $1,000. The maximum amount of a loan that you may request is the lesser of:

(a) one-half of your vested account balance, or

(b) $50,000

This maximum amount is further reduced by the *excess of* your highest outstanding loan balance in the last 12 months, *over* your current outstanding loan balance on the date of the loan.

Example:

Your current account balance is $120,000. You have an outstanding loan balance of $5,000. Your highest outstanding loan balance in the last 12 months was $7,500.

To determine the maximum loan available to you, you must first calculate half of your current account balance: $120,000 ÷ 2 = $60,000. Since $50,000 is less than $60,000, your new loan amount would be limited to $50,000 (provided you had no previous loans).

Next, you must consider any outstanding loans you have had in the last 12 months. Your highest outstanding loan balance a year ago was $7,500. This amount minus your current outstanding loan balance of $5,000 gives you a difference of $2,500. This amount must be subtracted from the maximum of $50,000 determined above.

Therefore, the maximum loan amount available to you is: $50,000 - $2,500 = **$47,500**.

(2) Each loan must be adequately secured and bear a reasonable rate of interest.

(3) Any loan (including interest) must be repaid within five years.

(4) You can have only one outstanding loan at one time.

The rules that apply to loans are very complicated. Please contact the plan administrator if you have questions about loans.

7.4 *WHAT IS A DEEMED SEVERANCE DISTRIBUTION?*

If you are on active duty for more than 30 days, the plan will treat you as having severed employment for distribution purposes. This means that you may request a distribution from the plan. If you request a distribution on account of this deemed severance of employment and the distribution includes any of your deferral contributions, you may not be permitted to make a deferral contribution to the Plan for six months after the date of the distribution. (The plan administrator will advise you if this suspension applies to you.)

8. Plan Termination or Amendment

8.1 *UNDER WHAT CONDITIONS MAY THE PLAN BE AMENDED OR TERMINATED?*

The Diocese has the right to amend or modify the plan at any time, subject to certain conditions. The Diocese intends and expects to maintain the plan and make contributions to it as described in this summary; however, it reserves the right to terminate the plan.

8.2 *IF THE PLAN TERMINATES, WHAT WILL HAPPEN TO MY ACCOUNT?*

If the plan terminates, the assets of the custodial account are used solely to provide benefits to plan participants and designated beneficiaries after plan expenses are paid. You would become fully vested in your account, and your benefits would be paid to you as soon as administratively practical. After all assets are distributed, the custodian has no further responsibilities under the plan and neither you nor your beneficiary will have any claim to the custodial account.

This plan summary is intended to provide you with easy-to-understand general explanations of the more significant provisions of this plan. Every effort has been made to make this explanation as accurate as possible; however, the provisions of the plan are highly technical in nature. If any conflict should arise between this plan summary and the provisions of the plan document, or if, after the best efforts of all involved in writing this summary, any provision is not covered or only partially covered, the terms of the actual plan document (which is available to you for review at the offices of the Diocese) will govern in all cases. Consequently, you are urged to review the plan document whenever a matter or issue of importance arises for you.

Plan provisions may change from time to time. Those changes occur because the law changes or because the Diocese changes the plan. Changes made to the plan are effective on certain dates specified in plan amendments. If the provisions of the plan described in this summary change, the Diocese will notify you.

This summary is based on the restated plan document effective January 1, 2018, as amended through January 1, 2021.