

Diocese of Covington/Lexington

Lay Employees' Pension Plan

Retirement Benefit Example

The example below assumes an employee that works for a Diocesan entity for 20 years, and retires at age 65.

- Factors:
1. Salary below has been increase by a 2% inflation factor each year.
 2. The plan calls for a **3.5%** contribution from the employee
 3. The plan accrues a benefit equal to **1.77%** of the employee's compensation.
 4. Parish/Institution pays **4.75%** into the Pension Plan for the employee's benefit.

Year	Employee Compensation	Employee Contribution	Benefit Accrued	Parish/School Pays
2018	\$ 28,826	\$ 1,009	\$ 510	\$ 1,369
2019	\$ 29,403	\$ 1,029	\$ 520	\$ 1,397
2020	\$ 29,991	\$ 1,050	\$ 531	\$ 1,425
2021	\$ 30,590	\$ 1,071	\$ 541	\$ 1,453
2022	\$ 31,202	\$ 1,092	\$ 552	\$ 1,482
2023	\$ 31,826	\$ 1,114	\$ 563	\$ 1,512
2024	\$ 32,463	\$ 1,136	\$ 575	\$ 1,542
2025	\$ 33,112	\$ 1,159	\$ 586	\$ 1,573
2026	\$ 33,774	\$ 1,182	\$ 598	\$ 1,604
2027	\$ 34,450	\$ 1,206	\$ 610	\$ 1,636
2028	\$ 35,139	\$ 1,230	\$ 622	\$ 1,669
2029	\$ 35,842	\$ 1,254	\$ 634	\$ 1,702
2030	\$ 36,558	\$ 1,280	\$ 647	\$ 1,737
2031	\$ 37,290	\$ 1,305	\$ 660	\$ 1,771
2032	\$ 38,035	\$ 1,331	\$ 673	\$ 1,807
2033	\$ 38,796	\$ 1,358	\$ 687	\$ 1,843
2034	\$ 39,572	\$ 1,385	\$ 700	\$ 1,880
2035	\$ 40,363	\$ 1,413	\$ 714	\$ 1,917
2036	\$ 41,171	\$ 1,441	\$ 729	\$ 1,956
2037	\$ 41,994	\$ 1,470	\$ 743	\$ 1,995

(a) $\$ 24,514 \div 12 = \$ 2,043$

This is the **TOTAL** amount paid in by the employee over their entire career.

(b) $\$ 1,033$

This is the amount of monthly benefit the employee collects for the rest of their life !

Consider this an employee will collect back everything that they paid into the pension plan within **24** months of retirement.

Since the employee contribution is fixed at 3.5%, and the benefit accrual is fixed at 1.77%, this is true regardless of the amount of the employee's compensation.

AMOUNTS SHOWN ARE EXAMPLES ONLY - ACTUAL BENEFITS WILL BE CALCULATED AT THE TIME OF RETIREMENT BASED ON ACTUAL SALARY EARNED DURING THE PARTICIPATION PERIOD.