

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
2024	\$ 36,000	\$ 1,260	\$ 637	\$ 1,710
2025	\$ 36,720	\$ 1,285	\$ 650	\$ 1,744
2026	\$ 37,454	\$ 1,311	\$ 663	\$ 1,779
2027	\$ 38,203	\$ 1,337	\$ 676	\$ 1,815
2028	\$ 38,968	\$ 1,364	\$ 690	\$ 1,851
2029	\$ 39,747	\$ 1,391	\$ 704	\$ 1,888
2030	\$ 40,542	\$ 1,419	\$ 718	\$ 1,926
2031	\$ 41,353	\$ 1,447	\$ 732	\$ 1,964
2032	\$ 42,180	\$ 1,476	\$ 747	\$ 2,004
2033	\$ 43,023	\$ 1,506	\$ 762	\$ 2,044
2034	\$ 43,884	\$ 1,536	\$ 777	\$ 2,084
2035	\$ 44,761	\$ 1,567	\$ 792	\$ 2,126
2036	\$ 45,657	\$ 1,598	\$ 808	\$ 2,169
2037	\$ 46,570	\$ 1,630	\$ 824	\$ 2,212
2038	\$ 47,501	\$ 1,663	\$ 841	\$ 2,256
2039	\$ 48,451	\$ 1,696	\$ 858	\$ 2,301
2040	\$ 49,420	\$ 1,730	\$ 875	\$ 2,347
2041	\$ 50,409	\$ 1,764	\$ 892	\$ 2,394
2042	\$ 51,417	\$ 1,800	\$ 910	\$ 2,442
2043	\$ 52,445	\$ 1,836	\$ 928	\$ 2,491

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

$$(a) \quad \$ \quad \underline{\underline{30,615}} \quad \$ \quad 15,482 \quad \div \quad 12$$

$$(b) \quad \$ \quad \underline{\underline{1,290}}$$

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.

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

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