PLAN SUMMARY OF THE DIOCESE EMPLOYEES' RETIREMENT SAVINGS PLAN

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. 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, 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 official name for this plan is the Diocese Employees' Retirement Savings Plan. It is referred to in this summary as "the plan." 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 Northshore Drive, SW
Knoxville, Tennessee 37919
865-584-3307

2. Becoming a Participant

2.1 Which employees can join the plan?

All employees of Roman Catholic Diocese of Knoxville can join the plan except part-time, temporary, or seasonal employees. For purposes of this plan, full-time employees are defined as:

- Exempt (salaried) employees who are scheduled to work at least one-half of a regular work week (usually 910 or 1,020 hours per year, but at least 800 hours per year).
- Nonexempt (hourly) employees who are scheduled to work at least 800 hours per year.

2.2 When can I join the plan?

Unless you are classified by the Diocese as a part-time, temporary, or seasonal employee, you are eligible to join the plan as soon as you begin working for the Diocese. You may enroll online at **www.retirement.wellsfargo.com** or by telephone by calling the Wells Fargo Retirement Service Center, 1-866-640-5138.

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.retirement.wellsfargo.com** or call the Wells Fargo Retirement Service Center, 1-866-640-5138.

When you call the retirement service center for the first time, have the following information available.

- Your Social Security Number

- Your temporary personal identification number (PIN) — your initial PIN is the last four digits of your Social Security Number; you will be able to change this once you call the retirement service center or access the website.

- The amount you want to contribute to the plan (percentage of compensation)

- The plan's investment fund information (available on the website) and a breakdown by percentage of how you want to invest your account in the available funds

When you log onto the retirement plan website for the first time, you will complete the following steps:

- Create your one-time Registration ID (initially your Social Security Number)

- Enter your Birth Date in MM/DD/YYYY format

- Complete the Security Information page

After you make your elections by phone or on the website, you will receive a statement in the mail that confirms your enrollment. Be sure to check it carefully and correct any errors by calling the service center or returning to the website.

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 and investment earnings of the plan 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 up to a certain dollar limit set by the Internal Revenue Code (IRC). The IRC limit for 2011 is $16,500. 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 IRC limit for catch-up contributions in 2011 is $5,500.

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.retirement.wellsfargo.com** or call the Wells Fargo Retirement Service Center, 1-866-640-5138.

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.

Distributions from your deferred account are not permitted before age 59½ EXCEPT in the event of:

- your death
- financial hardship (as defined by the plan)
- your severance from employment

3.6 What are rollovers?

For purposes of federal regulations, this plan is called a tax shelter 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 a Wells Fargo Advantage

Dow Jones Target Date Fund based on your date of birth according to the following table.

If you were born:	Your Target Date Fund will be:
1983 or after	Target 2050 Fund
1978 to 1982	Target 2045 Fund
1973 to 1977	Target 2040 Fund
1968 to 1972	Target 2035 Fund
1963 to 1967	Target 2030 Fund
1958 to 1962	Target 2025 Fund
1953 to 1957	Target 2020 Fund
1948 to 1952	Target 2015 Fund
1943 to 1947	Target 2010 Fund
1942 or before	Target Today Fund

To learn more or to change your investment elections, sign on to **www.retirement.wellsfargo.com** or call 1-866-640-5138. 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.

Usually benefits under the plan must begin in any case by no later than the 60th day after the end of the plan year in which the later of the following occurs: (1) you reach age 65, (2) the 10th anniversary of the year you began plan participation, (3) the date you leave employment.

Distributions from your deferred account are not permitted before age 59½ EXCEPT in the event of:

- your death
- financial hardship (as defined by the plan)
- your severance from employment

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?

Generally your benefit will be paid in the form of a single lump sum; however, depending on your investment elections, there may be alternative methods by which benefits may be distributed to you from the plan. The methods available to you depend upon your elections. All methods of distributions have equivalent values. When you become eligible for a distribution from the plan, you will receive detailed information about the form of benefits available to you.

7. In-Service Withdrawals and Loans

7.1 May I make withdrawals from my account before I leave employment?

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

- you have attained age 59½, or
- you have incurred a financial hardship as defined by the IRS.

7.2 What is a financial hardship?

You may take a hardship withdrawal from a portion of your deferral contributions, matching contributions or rollover contributions (but not the 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
- expenses relating to the repair of your principal residence which was damaged by a natural disaster

In order 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) and all nontaxable loans available from any plan the employer maintains

- under the plan and all other plans maintained by the employer, your deferral contributions will be suspended for 6 months after receipt of the hardship distribution

In general, a hardship distribution of your account will be subject to current federal income taxation. If you are under age 59½ at the time of the hardship distribution, there may also be an additional income tax because of your age at the time of the distribution.

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.

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.

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.

<u>*Example:*</u>

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.

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. As lengthy as this summary of provisions seems, it is still merely a summary. If any conflict should arise between this plan summary and the provisions of the plan, 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 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.