



Archdiocese of Detroit

DEPARTMENT OF FINANCE AND ADMINISTRATION

To: All Employer Units in the Archdiocese of Detroit

From: Daniel R. Oliver
Director Finance and Administration

Date: November 11, 2008

RE: Eligibility to Participate in the MCC 403(b) Plan and Related 403(b) Issues

Attached to this Memorandum is a copy of a Memorandum from Darrell Lindman to Diocesan Fiscal Managers Regarding 403(b) Program Issues dated November 10, 2008 (“Mr. Lindman’s Memo”). Mr. Lindman is the pension attorney for the Michigan Catholic Conference (the “MCC”), and we have been working with the MCC, Mr. Lindman, and the MCC’s investment consultant, CapTrust, to establish a 403(b) program for the Catholic Church and all of its qualified church-controlled organizations in the State of Michigan. In a prior communication to you, we explained that representatives of the seven Dioceses in Michigan have decided to seek a single 403(b) provider for the 403(b) programs of all eligible Catholic organizations in Michigan. After an extensive investigation and interview process, Prudential has been selected as the single provider for this new program. We are very pleased to be working with Prudential.

Please review Mr. Lindman’s Memo, as it discusses which Catholic organizations will be eligible to participate in the new MCC 403(b) Plan, how the new MCC 403(b) Plan will be structured, what you should do with respect to withholding additional 403(b) deferrals in the remainder of 2008, and other information we need to receive from you as soon as possible, if you have not already provided that information to us.

Those Catholic organizations who do not meet the definition of a “qualified church-controlled organization,” as defined in Mr. Lindman’s Memo, will not be able to participate in the MCC 403(b) Plan, and they need to read this paragraph carefully. This group of ineligible Catholic organizations will primarily be those church-related organizations who normally receive more than 25 percent of their support from governmental sources or from receipts from admissions, sales of merchandise, performance of services, or furnishing of facilities. Each such ineligible organization will need to adopt by December 31, 2008 a written plan that meets certain specific requirements, and it should seek to identify a single 403(b) provider to receive all 403(b) contributions made on behalf of its employees after 2008. Unfortunately, Prudential will not be able to offer a 403(b) product to these organizations. We suggest these organizations evaluate their current 403(b) providers and select the best one to serve as their sole provider going forward after 2008. Inquiries should be made immediately concerning whether the chosen provider will be able to assist you in meeting the written plan document requirements. Those 403(b) providers to whom these organizations have forwarded contributions after 2004 and who have already been discontinued or will be discontinued prior to January 1, 2009 should be sent an “orphan contract notice” in 2008. This is important to ensure that assets held by discontinued vendors do not have to be taken into account under the organization’s written plan after 2008. Please contact me if you need a sample orphan contract notice.



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We are going to handle the orphan contract notices for the eligible Catholic organizations who will be participating in the new MCC 403(b) Plan, and any such organization who has not already forwarded to us the names and contact information for all post-2004 providers to whom they have sent 403(b) contributions should do so immediately. These eligible Catholic organizations should also let us know immediately if they will be making any employer contributions to the new MCC 403(b) Plan.

Please be aware that your employees will not be forced to transfer any of their existing 403(b) investments to Prudential, although they may voluntarily do so. Please also be aware that your employees cannot transfer any of their existing 403(b) investments to any vendor other than Prudential unless and until they have an event that permits a distribution of their 403(b) benefit, such as termination of employment, attainment of age 59½, or disability. If they do transfer their 403(b) monies to any vendor other than Prudential at a time when they have not incurred a distribution event, they risk being taxed immediately on the entire amount in the contract so transferred. We are working with Prudential to get an employee communication out as soon as possible. It would be a good idea for you to advise the financial representatives with whom your employees are currently dealing that no additional contributions can be made to them after 2008 and that no amounts they currently hold for your employees can be transferred to any other 403(b) investment product, other than Prudential, until the employee has a distribution event.

Thank you for your cooperation.