

*Patricia P. Watt*

*Consultant, Actuary*

1044 Belvedere Lane  
San Jose, California 95129-2901

Office: (408) 996-2145  
Fax: (408) 446-4907

April 17, 2005

RE: Value of Pension Being Paid by Archdiocese of S

Dear Ms. M and Mr. D:

I have been studying the Summary Plan Description (SPD) for the pension plan sponsored by the Archdiocese of S. When Mr. D retired, he elected a benefit form which will pay Wife M 50% of his benefit after his death. This survivor benefit is part of the community property.

For most pension plans, the survivor annuity elected when a participant retires is irrevocable. However, the Archdiocese pension plan contains a provision which entirely revokes the survivor annuity. This may be permissible, either because this is a church plan or because the participant was not paid a reduced benefit in order to receive the survivor benefit. I am not an attorney, so I cannot advise you regarding the legitimacy or enforceability of this provision.

In order to show you the effects of the loss of the survivor benefit, I have calculated the value of the pension benefit with and without it.

I have used the following data and assumptions:

<b>Participant Date of Birth</b>	August 24, 1938
<b>Spouse Date of Birth</b>	August 26, 1944
<b>Date of Employment</b>	November 7, 1978
<b>Date of Marriage</b>	September 1, 1982
<b>Date of Separation</b>	September 1, 2002
<b>Date of Retirement</b>	August 1, 2003
<b>Date of Valuation</b>	April 30, 2005
<b>Mortality Table</b>	RP-2000 (male) – Projected 5 years
<b>Interest Rate</b>	5.00%

The calculations below refer only to payments made on and after April 30, 2005.

***Case 1: Benefit with Survivor Annuity***

Mr. D is currently receiving \$1,914.46 per month. If he stays married to Ms. M, she will receive \$957.23 for the balance of her then remaining lifetime after his death.

This benefit can be divided into its component parts as follows:

Lump sum present value of all payments while both spouses are alive	\$220,560.02
Lump sum present value payable to Husband if Wife dies first	\$22,839.82
Lump sum present value payable to Wife if Husband dies first	\$43,019.49
<b>Total Value of Benefits with Survivor Annuity</b>	<b>\$286,419.33</b>

TO: Ms. M and Mr. D  
RE: Marriage of M and D

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April 17, 2005  
From: Patricia P. Watt

The parties were married for 240 months and Husband was employed 297 months. Therefore,  $240 / 297$  of \$286,419.33 is community property, or \$231,449.97. Ms. M should receive a benefit with a value equal to half of this amount, as follows:

<b>Amounts Payable While</b>	<b>Monthly Amount</b>	<b>Present Value</b>
While Mr. D is alive	\$631.08	\$72,705.49
After Mr. D dies	\$957.23	\$43,019.49
<b>Total Expected Value</b>		<b>\$115,724.98</b>

Mr. D will receive the balance of this benefit, as follows:

<b>Amounts Payable to Husband</b>	<b>Monthly Amount</b>	<b>Present Value</b>
While Ms. M is alive	\$1,283.38	\$147,854.53
After Ms. M dies	\$1,914.46	\$2,839.82
<b>Total Expected Value</b>		<b>\$170,695.05</b>

**Case 2: No Survivor Benefit**

The picture is quite different if the survivor benefit to Ms. M ceases to exist. Both parties are worse off.

Lump sum present value of all payments while both spouses are alive	\$220,560.02
Lump sum present value payable to Husband if Wife dies first	\$22,839.82
Lump sum present value payable to Wife if Husband dies first	\$0.00
<b>Total Value of Pension Benefits</b>	<b>\$243,399.84</b>

The marital fraction remains  $240 / 297$ , and the community interest is  $240 / 297$  of \$243,399.84 which is \$196,686.75.

Again, the benefit must be divided. Ms. M should receive payments with a present value of \$98,343.37, as follows:

<b>Amounts Payable to Wife</b>	<b>Monthly Amount</b>	<b>Present Value</b>
While Mr. D is alive	\$853.62	\$98,343.37
After Mr. D dies	\$0.00	\$0.00
<b>Total Expected Value</b>		<b>98,343.37</b>

Mr. D will receive the balance of the benefit as follows:

<b>Amounts Payable to Husband</b>	<b>Monthly Amount</b>	<b>Present Value</b>
While Ms. M is alive	\$1,060.84	\$122,216.65
After Ms. M dies	\$1,914.46	\$22,839.82
<b>Total Expected Value</b>		<b>\$145,056.47</b>

The survivor benefit has a value of \$43,019.49 and this benefit will be lost if the parties divorce. Mr. D will receive a lower monthly payment during his lifetime, and Ms. M will have no benefit at all after his death.

Please let me know if any of this is not clear. Thank you for this opportunity to serve you.

Sincerely,