

DIOCESE OF BEAUMONT

PENSION PLAN

LAY EMPLOYEE

SUMMARY PLAN DESCRIPTION

Effective January 1, 2010

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**DIOCESE OF BEAUMONT
PENSION PLAN**

GENERAL INFORMATION

The Diocese of Beaumont Lay Employees Retirement Plan (“Lay Employees’ Plan”) was established effective as of July 1, 1976, and the Diocese of Beaumont Priests’ Pension Plan (“Priests’ Plan”) was established effective as of July 1, 1982. Effective January 1, 1997, the Lay Employees’ Plan and Priests’ Plan were merged and the name was changed to Diocese of Beaumont Pension Plan (“Plan”). The Plan, a defined benefit pension plan, is maintained for the exclusive benefit of the lay employees and priests of the Diocese and the adopting employers of the Plan.

A Committee appointed by the Bishop administers the Plan. All Plan benefits are provided by a trust fund. For purposes of Section 3(16) of the Employee Retirement Income Security Act of 1974 (“ERISA”), the Diocese is the Administrator of the Plan.

This summary is intended to describe briefly the principal provisions of the Plan. A complete copy of the Plan document is on file for any eligible lay employee desiring more detailed information. If a question should arise concerning the Plan, *the Plan document, and not this summary*, will govern and determine your rights.

WHO PAYS FOR IT?

The Diocese pays the entire cost of the Plan. Plan participants do not contribute. Each year the Diocese contributes to the trust fund based on information supplied by an independent actuary — at this time *Milliman, Inc.*

WHO IS ELIGIBLE?

All lay employees who were members of the prior plan on December 31, 1996, will continue to be members of this Plan beginning January 1, 1997. All new lay employees who regularly work 30 hours or more a week will become members after their initial hour of service with the Diocese or on the date that their customary work schedule becomes one of 30 hours or more a week if that occurs later. Once a lay employee becomes a member he or she will remain a member even though their customary work schedule drops below 30 hours or more a week. In addition, all lay employees who were former members of the Plan on December 31, 1996, and who did not sever service with the Diocese as of January 1, 1997, will be retroactively reinstated as members of the Plan.

HOW DOES SERVICE COUNT TOWARDS RETIREMENT?

Service counts for purposes of vesting and benefit accrual. Vesting service determines if you are entitled to benefits when you leave the employment of the Diocese. The amount of your benefit is based on your accrual service.

Vesting service and accrual service normally start at the date of your hire and end with the earlier of your retirement date or the date of your termination of employment. Your service is computed on the basis of 30 days equaling a complete month in the case of aggregating fractional months, and 12 complete months equaling one year. For vesting, only full years are counted. For benefit accrual both full years and months are counted.

If you terminate employment with the Diocese and do not complete an hour of service for the Diocese during the 12 consecutive month period beginning on your termination date and ending on the first anniversary of that date, you will be considered to have a one year period of severance. However, if you perform an hour of service during the 12 consecutive month period, you will receive vesting service for the period of severance, but not benefit accrual service.

If you have a period of severance of one or more years, the years of service which you had before the severance will be added to your current service once you have completed one year of service after your return to active employment. The one exception is if prior to acquiring five years of vesting service you have a period of severance and your period of severance is equal to or exceeds your prior period of service, the years of service before the severance will never again be taken into account.

Authorized leaves of absence, lay-offs, or periods which are incurred by reason of pregnancy of the member, birth of a child of the member, or placement of a child with the member because of adoption, any of which is one year or less, will not constitute a period of severance, but that period will not be counted in determining vesting or benefit accrual.

Qualified service in the military covered by Chapter 43 of Title 38 of the U.S. Code will be counted as service for all purposes.

For purposes of benefit accrual, an hour of service is each hour for which you are paid or entitled to payment by the Diocese for performance of services.

If you continue to be a member or if you become a member of this Plan on or after January 1, 1997, all of your service will be determined under the rules stated above, even including your service in the past. These rules will not be applicable to any member who terminated, retired, died or became disabled prior to January 1, 1997, unless that former member returns to employment with the Diocese after that date.

WHEN MAY I BECOME ENTITLED TO A BENEFIT?

Normal Retirement. Your normal retirement date under the Plan is the first day of the month coincident with or next following the *later* of (a) the date you attain age 65 or (b) the *earlier* of (i) the date you complete 10 years of vesting service or (ii) the date which is 10 years after the day you began participating in the Plan..

Early Retirement. If you have completed 10 years of vesting service and are at least age 55, you may retire on the first day of any calendar month.

Late Retirement. If you work past your normal retirement date, your pension payable at actual retirement will be computed under the formula used to calculate the normal retirement

benefit, but using your plan compensation and years of accrual service until your actual retirement date.

Severance Benefit. If you leave after having completed five years of vesting service — regardless of your age — you are entitled to a vested interest in your accrued pension benefit. Below is the vesting schedule for your accrued benefit.

VESTING SCHEDULE FOR ACCRUED BENEFIT

<u>Full Years of Vesting Service</u>	<u>Vested Percentage</u>
Less than 5.....	0%
5 but less than 6.....	50%
6 but less than 7.....	60%
7 but less than 8.....	70%
8 but less than 9.....	80%
9 but less than 10.....	90%
10 or more.....	100%

Payment of your vested portion of the accrued benefit begins at your normal retirement date, or a *reduced* pension is payable as early as age 55 if you had completed 10 years of vesting service before leaving.

Disability Retirement. If you incur a total disability while you are in credited service, your disability benefit will be your vested accrued pension benefit on that date. Your disability pension begins at your age 65. For purposes of the Plan, “disability” means any medically determinable physical or mental impairment that is deemed to be a disability by the Social Security Administration Department for purpose of receiving a Primary Social Security Disability benefit, or any such physical or mental impairment which is determined to make the individual eligible to receive a disability benefit in accordance with the provisions of the Employer’s insured long term disability plan, if applicable to such Employee, by the insurance carrier underwriting such plan.

HOW IS MY NORMAL RETIREMENT BENEFIT CALCULATED?

Monthly benefits are calculated under a formula which takes into account your earnings and your length of service.

Your *plan compensation* is a monthly average of your eligible earnings for the five full successive calendar years out of the 10 calendar years preceding your retirement or termination which gives you the highest monthly average. If you are employed by a school, then your plan compensation is your eligible earnings for each school year divided by 12 months to produce your average monthly eligible earnings without regard to whether you elected to receive your pay in less than 12 months or over the period of 12 months. *Eligible earnings* is defined to be the amount paid by the Diocese shown on your Form W-2 plus any amount deferred through salary deferral under any 401(k) plan and any flexible benefits/cafeteria plan. For purposes of determining your benefits after December 31, 2001, eligible earnings for any prior year will be

limited to \$150,000 for 1996 or any year prior to 1996, \$160,000 for 1997, 1998 or 1999, \$170,000 in 2000 and 2001, and \$200,000 in years after 2001 (as adjusted for increases in the cost of living) must be disregarded for the purpose of determining your benefit under the Plan.

Benefit Formula. If you have or had at least one hour of service on or after July 1, 2000, your monthly income for *life only* beginning at your normal retirement date is equal to 1.65% of your plan compensation multiplied by your years of accrual service. If you did not have at least one hour of service on or after July 1, 2000, your monthly income for *life only* beginning at your normal retirement date is equal to 2% of your plan compensation multiplied by your years of accrual service, minus 1.3% of your primary social security benefit multiplied by your years of accrual service.

If you are married for one year at the time your payments start, your pension will automatically be adjusted to the joint and one-half contingent form of payment, unless you specifically elect otherwise. This form will provide smaller monthly payments but presumably will be paid over a longer period of time.

WHAT WOULD MY PENSION BE IF I RETIRED EARLY?

If you have completed at least 10 years of vesting service, you can retire as early as age 55. The amount of your income is determined under the benefit formula described above. Payments will normally begin on your normal retirement date. However, if you decide to take payments early, since payments are based on a formula which is to begin paying at your normal retirement age, your income is reduced according to the table below based upon the number of years and partial years by which your actual retirement precedes your normal retirement date, using a straight-line interpolation if the difference is not an exact number of years.

Number of Years	Percentage	Number of years	Percentage
0	100%	6	60.4%
1	92.8%	7	56.8%
2	85.6%	8	53.2%
3	78.4%	9	49.6%
4	71.2%	10	46%
5	64%		

Like the normal pension, if you have been married for one year at the time your payments start, your pension will automatically be adjusted to the joint and one-half contingent form of payment, unless you specifically elect otherwise. This form will provide smaller monthly payments but presumably will be paid over a longer period of time.

WHAT WOULD MY PENSION BE IF I RETIRED LATE?

If you worked past your normal retirement date, you would receive a pension benefit computed in the same manner as your pension benefit is computed at your normal retirement date using your plan compensation and your years of accrual service until your actual retirement date. For the purpose of making these computations, the phrase “actual retirement date” will be

substituted for the phrase “normal retirement date” wherever it appears in the calculations.

WHAT IF I LEAVE BEFORE I AM ELIGIBLE TO RETIRE?

If you leave after becoming vested, you are entitled to a monthly income payment starting at your normal retirement date. “Vested” means you have a right to a pension benefit. You have no vesting until you have completed five years of vesting service. At that time, you become 50% vested in your accrued pension benefit. Your vested percentage increases 10% for each year of vesting service you complete after that so that after completing 10 years of vesting service, you are 100% vested.

Your monthly income payment beginning at your actual retirement date will be calculated the same way as if you were to retire at your normal retirement date, using your years of accrual service and your plan compensation as of the date that you leave the Diocese.

You may request to have your monthly payments begin as early as the first day of the month following your 55th birthday, if you have 10 years of vesting service at the time you leave. If payment begins before your normal retirement date, it will be subject to the same reduction as the early retirement benefit was if it was paid prior to your normal retirement date.

However, if the present lump sum value of your vested monthly income is less than \$5,000, you will be paid your accrued benefit in a single lump sum, subject to your (and your spouse’s, if applicable) written consent to the distribution if the present lump sum value is greater than \$1,000. Thereafter, you will have no further interest in the Plan.

WHAT BENEFITS WILL I RECEIVE IF I BECOME DISABLED?

If you become eligible for a total disability benefit under this Plan, it will be in lieu of any other benefit payable under the Plan. Your income beginning at age 65 will be your vested accrued benefit as of the date you left the Diocese.

HOW WILL MY PENSION BE PAID?

The income from the benefit formula is payable for your lifetime with no minimum number of monthly payments. This is called the *normal form of payment*. Under the normal form of payment, when you die, no further payments will be made to anyone else.

Single Persons

If you have no spouse at retirement, your income will automatically be paid in the normal (life only) form.

Married Persons

If you have been married for one year prior to the date your payments begin, your income will automatically be paid in the joint and one-half contingent form. Under this form, you will receive a reduced pension payment as long as you live, and at your death, your surviving spouse will receive a payment for his or her life equal to one-half of the amount you were receiving

prior to your death. This form of payment is reduced to be actuarially equivalent to the normal (life only) form since it will be paid over two lives, not one.

Optional Forms Available

If you become entitled to a benefit under this Plan, you may choose one of the following options, whether you are single or married. If you want to choose an option you must do so before your pension is to commence. If you are married, you must have your spouse's written consent, properly notarized or witnessed, in order to select any optional form.

- **Life Only Form:** You receive a pension for your life only. After your death no one receives anything more. (This is the automatic form for a single person.)
- **Joint and 50% Survivor Form:** You receive a reduced pension for as long as you live with 50% of the reduced pension payable after your death for the life of your designated joint annuitant. (This is the automatic form for a married person, with the spouse being the designated annuitant.)
- **Life With Five Years Certain Form:** You receive a reduced pension for as long as you live. If you die before you receive payments for five years, your beneficiary will continue to receive payments for the balance of those five years.
- **Life With Ten Years Certain Form:** You receive a reduced pension for as long as you live. If you die before you receive payments for ten years, your beneficiary will continue to receive benefits for the balance of those 10 years.
- **Joint and 66 2/3%, 75% or 100% Contingent Forms:** You receive a reduced pension for as long as you live with 66 2/3%, 75% or 100% of the reduced pension payable after your death for the life of your designated joint annuitant.

WHAT IF I DIE ...

Before I Retire? If you are not married, there is no death benefit. If you (i) are married for one year or more at the time of your death, (ii) have completed 10 years of vesting service, (iii) have attained age 55 and (iv) die while in the active employ of the Diocese, your surviving spouse is entitled to the survivor portion of the joint and one-half contingent annuity.

After I Retire? After your payments start, payment of any death benefit depends upon the option under which you are being paid. If you are to receive payments under the life only form, there will be no payments to any beneficiary upon your death. If you were being paid under the joint and one-half contingent annuity option, a lifetime income would automatically go to your surviving spouse in the amount equal to one-half of your adjusted pension; but, if you were being paid under one of the other optional forms your beneficiary will receive the remaining minimum payments specified, if any, or the reduced monthly pension specified for the life of the beneficiary depending upon the option you had chosen.

HOW DO I FILE A CLAIM FOR MY BENEFITS?

In most cases it is unnecessary for you to file a formal claim for benefits as the Diocese will do this for you through the Committee. *You should notify the Department of Financial Services about 90 days prior to when you want to retire so it can start the paper work.* You may, of course, always file a written claim for benefits with the Committee if you wish to do so. You may contact the Department of Financial Services for forms or other information regarding a claim for benefits. Your failure to provide adequate notice of your retirement or request for benefits may cause a delay in payment of your monthly retirement benefit.

If a claim for benefits under the Plan is denied, the Committee will notify you of its action and reasons, with specific references to the Plan provisions that apply. They will also tell you how you can appeal the decision.

The appeal process is stated below for your information:

1. Within one year of receiving the Committee's determination letter, you may send a request for review to the Committee indicating your reasons for appeal and any additional information to support your claim for benefits.

2. If the Committee, after receiving this information, still determines you are not entitled to the benefits you claim, they will give you or your representative an opportunity to appear personally before the Committee to give further written or oral support to your claim and to review any pertinent documents.

3. Within 60 days of the receipt of your request, the Committee will notify you of their decision and the specific reasons for their decision. If special circumstances require an extension of time the decision will be rendered no later than 120 days after receipt of your request.

CAN I LOSE ANY BENEFITS FROM THIS PLAN?

As you continue your career, you will continue to build service for vesting and benefit accrual based on the vesting schedule and the pension formula outlined earlier. Generally, the longer you work for the Diocese, the greater your monthly retirement pension. Although you intend to continue your career with the Diocese until retirement, certain circumstances may prevent you from carrying out your intentions. Consequently, you should be aware of the following circumstances which could cause you to lose your benefits under this Plan.

Termination. You may lose all vesting service and accrual service you have earned if, prior to completing five years of vesting service you quit or are discharged. If you leave and are then re-hired, you may have your prior service restored depending on the time you are gone and the length of your prior service.

Death. If you are unmarried at your death, no death benefits are payable under the Plan.

RESTRICTION ON BENEFITS

The Internal Revenue Service has restrictions with respect to maximum amounts that may

be paid from this Plan. These restrictions normally would affect only the very highest paid participants in the Plan.

AMENDMENT OR TERMINATION OF THE PLAN

The Plan has been established in confidence that it will continue in effect indefinitely. However, the Diocese **RESERVES THE RIGHT TO AMEND OR TERMINATE** the Plan at any time.

WHAT HAPPENS IF THE PLAN IS TERMINATED?

If the Plan were terminated, the Diocese would make no further contributions to the trust, pension accruals would cease and all active Plan members would become 100% vested in their accrued pension to the extent funded.

Distributions of assets will not be made until the Internal Revenue Service is notified of the termination of the Plan. If approval is given, members will receive the total value of their accrued pension to the extent of Plan assets. Only if the assets are not sufficient will the fund be distributed by priorities. The assets will first be used to defray cost of liquidation and distribution of the trust fund. The order of allocation would then be first to retired employees and certain employees eligible for retirement for the benefit they are receiving or if not the least benefit they could have received; second, then for all other nonforfeitable benefits; third, to employees for all other benefits under the Plan.

PLAN TERMINATION INSURANCE

As this is a Plan sponsored by a church, benefits under this Plan are not insured by the Pension Benefit Guaranty Corporation (“PBGC”).

PLAN DIRECTORY

Listed below is other pertinent information concerning the Plan:

**Sponsor and Employer
and Plan Administrator:**

Diocese of Beaumont
703 Archie
Beaumont, Texas 77701
(409) 838-0451

**Trustee and
Custodian of Funds:**

Capital One Bank
P. O. Box 3928
Beaumont, Texas 77704-3928

**Employer Identification
Number of Plan Sponsor:**

74-1551958

Plan Fiscal Year:

January 1st through December 31st

Adopting Employers:

Diocese of Beaumont of the Roman Catholic Church
Catholic Charities of Southeast Texas

Assignment of Benefits:

The Plan is designed to provide benefits exclusively for you or your Beneficiary. Therefore, you cannot sell, transfer, assign, or otherwise encumber your interest in any way. However, laws affecting employee benefits require plans, such as this one, to obey court orders (such as divorce decrees) that require a percentage of your benefit to be paid to your spouse, former spouse, child or dependent. These orders are called "Qualified Domestic Relations Orders." The Committee will notify you if such an Order is received and will provide (without charge) a copy of the procedures for handling the Order.

The information in this booklet is intended to serve as a general source of reference, outlining the major provisions of the Plan. While this booklet is intended to be as accurate as possible, the explanations are subject, in all respects, to the detailed provisions of the legal Plan documents. It must be understood that the explanations in this booklet cannot alter, modify or otherwise change the controlling legal documents in any way, nor can any rights accrue by reason of any statements or omissions of any statements in this booklet. It is not a part of the official Plan documents.

If you wish to read the actual Plan, a copy is available for inspection upon request at our Department of Human Resources at the Diocesan Pastoral Center during regular working hours.