

DIOCESE OF BEAUMONT

PENSION PLAN

PRIEST

SUMMARY PLAN DESCRIPTION

Effective January 1, 2010

TABLE OF CONTENTS

	<u>Page</u>
GENERAL INFORMATION	1
WHO PAYS FOR IT?	1
WHO IS ELIGIBLE?	1
HOW DOES SERVICE COUNT TOWARDS RETIREMENT?	1
WHEN MAY I BECOME ENTITLED TO A BENEFIT?	2
HOW IS MY NORMAL RETIREMENT BENEFIT CALCULATED?	3
WHAT WOULD MY PENSION BE IF I RETIRED EARLY?	4
WHAT WOULD MY PENSION BE IF I RETIRED LATE?	4
WHAT IF I LEAVE BEFORE I AM ELIGIBLE TO RETIRE?	4
WHAT BENEFITS WILL I RECEIVE IF I BECOME DISABLED?	5
HOW WILL MY PENSION BE PAID?	5
WHAT IF I DIE	6
HOW DO I FILE A CLAIM FOR MY BENEFITS?	6
CAN I LOSE ANY BENEFITS FROM THIS PLAN?	7
AMENDMENT OR TERMINATION OF THE PLAN	7
WHAT HAPPENS IF THE PLAN IS TERMINATED?	7
PLAN TERMINATION INSURANCE	7
PLAN DIRECTORY	8

**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 priest 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 priests who were members of the prior plan on December 31, 1996, will continue to be members of this Plan beginning January 1, 1997. All Diocesan priests incardinated in the Diocese of Beaumont and designated by the Bishop as eligible to participate become members as of their initial date of employment in the Diocese if they are full time and have not attained age 65 on the earlier of the date of their incardination or their initial date of employment. In addition, all priests 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.

Credited service for vesting and benefit accrual prior to January 1, 1997, will be determined under the rules of the Plan covering you at that time. Commencing January 1, 1997,

credited service for purposes of vesting and benefit accrual will begin when you perform an hour of service after being employed by the Diocese for services for which you are to receive W-2 compensation. Credited service for purposes of vesting and benefit accrual will stop immediately upon the last hour of service performed by you while employed by the Diocese for services for which you received W-2 compensation.

When determining your credited service all periods of service whether or not completed consecutively will be aggregated on a per day basis. For purposes of vesting and benefit accrual only full years of credited service will be counted. In aggregating credited service 30 days will count as one month and 12 months will count as one year. No fractional years shall be counted for purposes of vesting or benefit accrual.

If you incur a period of severance, all periods of service prior to that period of severance will be counted as credited service when you have completed your first hour of service after you return to the Diocese for which you are to receive W-2 compensation.

If you are transferred to the service of an affiliated employer or a related employer, as designated by the Bishop, but that employer has not adopted the Plan, you will not have severed service but you will *not* continue to receive credited service for vesting or benefit accrual purposes.

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.

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 70 or (b) the date you complete 10 years of vesting service. Upon reaching your normal retirement date, you may elect to begin receiving your benefit without actually having to retire. However, if you do elect to receive your benefit while you continue to work, you will not be entitled to the increase provided under the late retirement benefit.

Early Retirement. If you have completed 10 years of vesting service and are at least age 65 and you have the consent of the Bishop, 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 at your normal retirement date increased by 5/12th of 1% for each month your actual retirement date exceeds your normal retirement date.

Severance Benefit. If you leave after having completed 10 years of vesting service — regardless of your age — you are entitled to a vested interest in your accrued pension benefit.

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 65.

Disability Retirement. If you incur a total disability while you are in credited service, your disability benefit will be the pension benefit you would have received at normal retirement. Your disability pension begins on the first day of the month coincident with or next following the date the Committee determines that you are disabled and will stop with the last payment made prior to the *earlier* of your death or the date your total disability ceases if that is earlier than your normal retirement date. 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.

If you recover prior to your normal retirement date and return to credited service with the Diocese within 60 days after the Committee determines you are ineligible to continue to receive disability benefits, your membership shall be reinstated as of the date you return. You will not be entitled to credited service for the period of your absence, but you will retain all previous credited service for all purposes. There will be no offset of any disability pension paid to you should you later qualify for another benefit under this Plan.

If you recover and do not return to the credited service of the Diocese within 60 days following the Committee’s determination of your ineligibility to continue to receive further disability payments, you will be treated as if your employment had terminated on the date that you were determined initially to be totally disabled. If at that time you are entitled to a deferred vested severance benefit, you will continue to be entitled to it. Otherwise you will receive no further benefits.

If you recover after you have reached your normal retirement date, your total disability pension will continue uninterrupted until your death.

HOW IS MY NORMAL RETIREMENT BENEFIT CALCULATED?

If you retire at your normal retirement date on or after July 1, 2000, you will receive \$1,207.50 per month offset as follows:

(a) If you are entitled to a government pension based upon time served in the U.S. Armed Forces in the capacity of a priest, the pension paid under this plan will be offset dollar for dollar by the U.S. Military pension.

(b) If you are covered by a retirement plan of another Roman Catholic entity, the benefit under this plan will be reduced by multiplying that benefit by a fraction, the numerator of which is your years of credited service under this plan, and the denominator of which is the number of years of credited service included under both plans.

If you are transferred to a Diocese or other Roman Catholic entity, which maintains a plan qualified under Section 401(a) of the Code, with the consent of the Bishop, your retirement obligation may be transferred to your new employer if the Bishop consents to the transfer of the funds determined by the actuary to be necessary to fund your benefit to the date of transfer and

you are assured of receiving a retirement benefit under your new employer's plan at least equal to your accrued benefit to the date of your transfer.

Your retirement benefit will be in the form of a life only annuity unless you are a married priest designated by the Bishop. If you are, you will receive your benefit in the form of a *reduced* monthly pension payable for life with 50% of the same reduced monthly installments payable after your death for the life of your spouse on an actuarially equivalent basis. You may select instead of the joint and 50% survivor annuity, with the consent of your spouse, one of the optional forms provided married lay employees of the Diocese. All benefits, however, shall be on an actuarially equivalent basis to the life only annuity.

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 65 with the consent of the Bishop. The monthly pension payable to you if you retire early will be your basic monthly pension that is payable at normal retirement date reduced by 5/12 of 1% for each month by which the date on which your pension begins precedes your normal retirement date.

WHAT WOULD MY PENSION BE IF I RETIRED LATE?

If you worked past your normal retirement date, you would receive a pension benefit equal to your basic monthly pension computed at your normal retirement date but increased by 5/12 of 1% for each month that your actual retirement date exceeds your normal retirement date.

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 10 years of vesting service. At that time, you become 100% vested.

Your income payment beginning at your normal retirement date will be the basic monthly pension you would have received had you reached your normal retirement date multiplied by a fraction the numerator of which is your years of actual credited service and the denominator of which is the *greater* of the number of years of credited service you would have accumulated had your employment continued uninterrupted until your normal retirement date or 30 years.

You may request to have your monthly payments begin as early as the first day of the month following your 65th birthday. 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. You will be entitled to receive a monthly disability benefit equal to your basic monthly pension, as if you had started to receive it on your retirement date, reduced by the actual social security benefit received by you during your disability prior to your normal retirement date. After your normal retirement date no reduction shall be made to your benefit.

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*. When you die, there will be no further payments.

Single Priests

If you are a single priest, your income will automatically be paid in the normal (life only) form.

Married Priests

If you are a married priest designated by the Bishop and 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 her life equal to one-half of your adjusted pension. 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 to Married Priests

However, as a married priest designated by the Bishop if you become entitled to a benefit under this Plan, you may choose one of the following options. If you want to choose an option you must do so before your pension is to commence. 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 priest.)
- **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 50%, 66 2/3%, 75% or 100% Contingent Forms:** You receive a reduced pension for as long as you live with 50%, 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 are married for one year or more at the time of your death, you have completed 10 years of vesting service and have attained age 65 and have been designated by the Bishop and you 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? If you are not married, there is no death benefit. If you are married and you were eligible to choose an optional form, 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 normal form, there will be no payments to any beneficiary. 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 an 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?

Although you intend to continue your vocation 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 10 years of vesting service you quit and you do not return to complete the necessary 10 years of vesting 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.