

**DIOCESE OF BEAUMONT  
401(k) PLAN  
SUMMARY PLAN DESCRIPTION**

*January 1, 2010*

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**DIOCESE OF BEAUMONT  
401(k) PLAN**

**GENERAL INFORMATION**

Diocese of Beaumont (the “Sponsor”) has established a section 401(k) plan and trust in the form of documents titled Diocese of Beaumont 401(k) Plan (the “Plan”) and Diocese of Beaumont 401(k) Plan Trust (the “Trust”) for the exclusive benefit of employees and their beneficiaries. Under the Plan, a Member may elect to have a portion of his or her salary deferred, and contributed to the Plan (salary deferral contribution). The amounts contributed by Members through salary deferral agreements will be excluded from the Member's taxable income. The Sponsor will contribute the amount elected to be deferred by each Member, along with any other amounts credited to the Member's Accounts, to the Trust. Members may also be permitted to make transfers from a prior qualified plan or individual retirement account (Rollover Contributions). The Plan is maintained for the exclusive benefit of eligible Employees of the Sponsor.

A Committee appointed by the Sponsor administers the Plan. For purposes of section 3(16) of the Employee Retirement Income Security Act of 1974 (“ERISA”), the Sponsor is the Administrator of the Plan. All Plan Contributions are held in the Trust, and the funds paid to the Trust will be invested by a trustee for the benefit of Members.

This summary is intended to describe briefly the principal provisions of the Plan. Complete copies of the Plan and Trust documents are on file for any eligible Employee desiring more detailed information. If a question should arise concerning the Plan or Trust, the Plan and Trust documents (and not this summary) shall govern and determine your rights.

**WHAT IS A SECTION 401(k) PLAN?**

A section 401(k) Plan is a plan that allows contributions by Members through salary deferral agreements. Members may elect to have a portion of their salary deferred and contributed to the Trust. These contributions are made with before-tax dollars for purposes of federal income tax. However, these contributions are made with after-tax dollars for purposes of social security taxes.

**WHO IS ELIGIBLE TO PARTICIPATE IN THE PLAN?**

All lay Employees who regularly work 30 hours or more a week will become Members as of their initial hour of service with the Sponsor or other adopting employer or on the date their customary work schedule becomes one of 30 hours or more a week, if later. Once an Employee becomes a Member, the Employee will remain a Member even if his customary work schedule drops below 30 hours or more a week.

All Priests who are Employees will become Members as of their initial date of employment with the Sponsor if they are employed full-time and have not attained age 65 on the earlier of their incardination or initial date of employment.

“Employee” generally means any Priest or lay Employee in full-time employment with the Sponsor or other adopting employer. “Priest” means a Diocesan Priest incardinated in the Diocese of Beaumont as well as a married priest who is admitted to the Roman Catholic priesthood, incardinated in the Diocese of Beaumont and designated by the Bishop as eligible to participate in this Plan. The Plan Year begins on January 1 and ends on the following December 31. Generally, once you have become a Member of the Plan, you continue as a Member until you leave employment. Special rules apply if you return after leaving employment. A former Member is eligible to participate in the Plan on the first day he completes an hour of service upon his return to work with the Sponsor or other adopting employer.

***Lay Employees.*** For purposes of eligibility and vesting, Active Service begins when a lay Employee first performs an hour of service for the Sponsor or other adopting employer. For purposes of benefit accrual, Active Service begins on the date a lay Employee first performs an hour of service for the Sponsor or other adopting employer. If a lay Employee severs service, he shall recommence Active Service for eligibility and vesting purposes after performing one hour of service for the Sponsor or other adopting employer.

When determining a lay Employee’s Active Service, all periods of service, whether or not completed consecutively, shall be aggregated on a per day basis. For purposes of eligibility and vesting, only full years of Active Service shall be counted. In aggregating Active Service, 30 days shall be counted as one month and 12 months shall be counted as one year. No fractional years shall be counted for purposes of eligibility or vesting.

If a lay Employee performs an hour of service within 12 months after he severs service, the intervening period of severance shall be counted as a period of service for eligibility and vesting but not for benefit accrual. A period of severance is the period of time commencing on the date an Employee severs service and ending on the date the Employee again performs an hour of service.

***Priests.*** Active Service for a Priest for the purposes of vesting and benefit accrual shall commence when that Priest performs an hour of service after being employed by the Diocese for services for which he is to receive W-2 compensation. Active Service for a Priest for the purposes of vesting and benefit accrual shall stop immediately upon the last hour of service performed by that Priest while employed by the Diocese for services for which he is to receive W-2 compensation.

When determining a Priest’s Active Service all periods of service, whether or not completed consecutively, shall be aggregated on a per day basis. For purposes of vesting, only full years of Active Service shall be counted. In aggregating Active Service 30 days shall be counted as one month and 12 months shall be counted as one year. No fractional years shall be counted for purposes of vesting.

## **WHAT TYPES OF CONTRIBUTIONS MAY BE MADE TO THE PLAN?**

Contributions to the Plan on your behalf may take several forms:

**1. Rollover Contributions.** Rollover Contributions by Members may be permitted by the Committee. To be accepted, a Rollover Contribution must be made either (a) as a direct transfer from another eligible retirement plan before the 60<sup>th</sup> day after the Member received the eligible rollover distribution, or (b) as a plan-to-plan transfer from another eligible retirement plan. Rollover Contributions may include certain transfers from your individual retirement account (“IRA”). To be accepted, a Rollover Contribution must not require a distribution or withdrawal in a form not permitted by the Plan. Rollover Contributions have no effect on the amount permitted to be allocated to your Account.

**2. Salary Deferral Contributions.** Each Plan Year, you may elect to have a percentage of your “Considered Compensation” deferred and contributed to the Trust in accordance with the salary deferral agreement. In 2010, the limit is \$16,500 and will be indexed for inflation annually thereafter. However, in order for the Plan to qualify under section 401(k), certain numerical tests have to be applied each year. If during a Plan Year, there are not sufficient salary deferral contributions made by the group comprising the non-highly compensated Employees participating in this Plan, the Committee will establish a maximum salary deferral contribution, stated as a percentage of Considered Compensation, that will apply to the highly compensated Employees. If a highly compensated Employee makes a salary deferral contribution that is in excess of the permitted percentage limitation, the excess will be returned to that Member by March 15 of the following year. The Committee will advise such a Member as to the appropriate year in which to report such distribution as gross income for Federal income tax purposes. For this purpose, “highly compensated Employee” generally means an employee who earned \$110,000 or more (indexed for inflation annually) in the prior year and was in the top 20 percent (20%) of Employees ranked by pay.

Because personal circumstances can change during the year, the Plan allows you to stop your contributions at *any* time by filing a Change in Election Form with the Department of Financial Services at the Diocesan Pastoral Center. If you stop contributing, you may resume contributions again by filing a new Change in Election Form, which will be effective on the next January 1 or July 1 following the filing of your Change in Election Form. If you simply wish to make a change in the amount of your salary deferral election, you may only make this change on January 1 and July 1 of each year. You make the change by filing a Change in Election Form with your local payroll administrator.

**3. Catch-Up Contributions.** All Members who are eligible to make salary deferral contributions under the Plan and who are at least age 50 by the close of the Plan Year may make certain pre-tax catch-up contributions. The maximum annual catch-up contribution was \$5,500 for 2009 and remains \$5,500 for 2010 and later years, subject to cost of living adjustments after 2010. Catch-up contributions can only be made by Members who make the maximum salary deferral contributions otherwise allowed under the Plan for the year.

**4. Employer Matching Contributions.** Members may receive an annual matching contribution not to exceed a certain percentage of the Member’s Considered Compensation. Such percentage shall be designated by the Bishop. This designated percentage may vary from year to year, and may be zero.

**NOTE:** The term “Considered Compensation” means as to each Member (a) the earnings reported on Form W-2 by the Member’s primary employer or employers during the Plan Year (excluding amounts includable on Form W-2 which are not earned income), plus (b) the amounts deferred under a cash or deferred arrangement like the section 401(k) deferral or a cafeteria plan under section 125 of the Code. The Committee, in its sole discretion, shall determine a Member’s primary employer or employers. Considered Compensation in excess of \$245,000 for 2010 (indexed for inflation annually) shall be disregarded.

**MAY I CHOOSE HOW MY CONTRIBUTIONS  
WILL BE INVESTED BY THE TRUSTEE?**

Your contributions may be invested in several categories of assets or funds. The Committee will announce the establishment of the funds and the basis on which they are available to Members. Any income earned or loss incurred on any amounts in any fund shall be credited as of each Valuation Date.

**WHEN DO I BECOME VESTED IN MY ACCOUNTS?**

When you are vested in your Accounts, you have a permanent, nonforfeitable right to the contributions made to your Accounts, plus any earnings.

Under this Plan, you are always 100 percent (100%) vested in all your Rollover Account, if any, and your Salary Deferral Contribution Account. Your Employer Matching Contribution Account vests pursuant to the following schedule:

<u>Completed Years of Active Service</u>	<u>Percentage of Amount Vested In Employer Matching Contribution Account</u>
Less than two years .....	0%
Two years but less than three years.....	20%
Three years but less than four years.....	40%
Four years but less than five years.....	60%
Five years but less than six years .....	80%
Six years or more .....	100%

**UNDER WHAT CIRCUMSTANCES MAY I MAKE WITHDRAWALS  
FROM MY ACCOUNTS?**

- 1. Rollover Contribution Account.** You may make a withdrawal from your Rollover Contribution Account after giving 30 days’ notice to the Committee. The withdrawal cannot be more than the balance of the Account.
  
- 2. Age 59½.** After reaching age 59½, you are entitled to withdraw any part or all of your vested interest in all of your Accounts.

**3. Hardship Withdrawal.** Prior to attaining age 59½, you may make withdrawals from your Salary Deferral Contribution Account (exclusive of interest earned after December 31, 1988) **BUT only** if you have a **qualifying hardship** as defined by the Internal Revenue Service. You have a qualifying hardship if you have an immediate and heavy financial need and a withdrawal from this Plan is required in order to satisfy that need. The Internal Revenue Service has stated that the following are deemed to be qualifying hardships: (1) expenses incurred by you, your spouse or dependents for medical care or necessary for these persons to obtain medical care; (2) costs directly related to the purchase (excluding mortgage payments) of a principal residence for you; (3) payment of tuition and related educational fees for the next 12 months of post-secondary education for you, your spouse, children or dependents; (4) payments necessary to prevent eviction from or foreclosure on your principal residence; (5) payment for burial or funeral expenses for your deceased parent, spouse, children or dependents; (6) expenses for the repair of damage to your principal residence that would qualify for a casualty deduction under the Internal Revenue Code; or (7) any other events added to this list by the Commissioner of Internal Revenue.

You may also make a hardship withdrawal if your “primary beneficiary” under the Plan has a qualifying hardship under items (1), (3) or (5), immediately above, relating to medical, tuition or funeral expenses. Under the Plan, your “primary beneficiary” is the individual you have named as your beneficiary in a valid designation accepted by the Committee and who will receive your Plan benefits upon your death

To make a hardship withdrawal from your Salary Deferral Contribution Account, you should give 30 days’ written notice to the Committee. In this notice, you must state your reason for requesting the withdrawal and you must represent that the requested amount is not in excess of the amount needed to alleviate the hardship. You may only withdraw amounts necessary to ease the qualifying hardship up to the amount of your Salary Deferral Contribution Account, and you must have obtained all distributions, other than hardship withdrawals, and all nontaxable (at the time of the loan) loans, if any, currently available under all plans maintained by the Sponsor. The amount of your immediate and heavy financial need includes any amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the hardship withdrawal. When you make a hardship withdrawal, you will not be allowed to make any more contributions to the Plan until the next time such contributions are permitted following the lapse of six months after the withdrawal.

In addition, for six months after you receive a hardship distribution, you are prohibited from making salary deferral contributions and after-tax contributions to all other qualified and non-qualified plans of deferred compensation maintained by your Employer, including stock option plans, stock purchase plans and section 401(k) cash or deferred arrangements that are part of cafeteria plans described in section 125 of the Internal Revenue Code. However, you are not prohibited from making mandatory employee contributions to a defined benefit plan or contributions to a health or welfare benefit plan, including one that is part of a cafeteria plan under section 125 of the Internal Revenue Code.

## WHEN WILL MY BENEFITS BE DISTRIBUTED?

1. *On Retirement:* Once you reach your Retirement Age, you will be one hundred percent (100%) vested in all of your accounts. You are entitled to receive all amounts in your Accounts upon your retirement. In the case of a lay Employee, "Retirement Age" generally means the later of (a) the date a Member attains age 65, or (b) the earlier of (i) the date the Member completes 10 years of Active Service for vesting purposes or (ii) the date which is 10 years after the date the Member began participating in the Plan. However, a lay Member may retire early on the first day of any month coincident with or next following both his or her attainment of age 55 and his or her completion of 10 years of Active Service for vesting purposes. In the case of a Priest, "Retirement Age" generally means the first day of the month coincident with or next following the later of (a) the date a Member attains age 70, or (b) the date the Member completes 10 years of Active Service for vesting purposes. A Priest may retire early on the first day of any month coincident with or next following both his attainment of age 65 and his completion of 10 years of Active Service for vesting purposes if he has the consent of the Bishop.

2. *On Disability:* You are entitled to receive all amounts in your Accounts upon a determination that your employment terminated because of a disability. 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 for the purpose of receiving a primary Social Security Disability benefit, or any such physical or mental impairment which is determined to make you eligible to receive a disability benefit in accordance with the provisions of your employer's insured long-term disability plan, if applicable to you, by the insurance carrier underwriting such plan.

3. *On Death:* If you should die while a Member of the Plan, your spouse or designated Beneficiary is entitled to receive all of the amounts in your Accounts. Your designated Beneficiary is the person you name as Beneficiary when you begin participation in the Plan. You may change your Beneficiary at any time by filling out a form provided by the Committee. However, if you are married and you designate anyone other than your spouse as your Beneficiary, your spouse must affirmatively acknowledge in writing, witnessed by a Plan representative or notary public, that he or she understands and agrees to the effect of the Beneficiary designation and consents to the specified Beneficiary. Your spouse may roll the distribution over to an "eligible retirement plan" (including an IRA) that accepts the distribution. If your designated Beneficiary is someone other than your spouse, that beneficiary may roll the Plan benefit to an IRA if the beneficiary inherited an IRA from you in addition to the Plan benefit.

4. *On Termination of Employment:* If you should terminate employment before your retirement date for any other reason, you are entitled to receive all vested amounts in your Accounts. See the section entitled: “When Do I Become Vested in All My Accounts?” beginning on page 4.

The value of your Accounts for purposes of making a distribution or withdrawal is determined on the Valuation Date or Dates established by the Committee from time to time for valuation of the Trust coincident with or immediately preceding the event which caused the distribution or withdrawal. All accounts will be adjusted for contributions, distributions and withdrawals, if any, between the Valuation Date and the event causing the distribution or withdrawal. The valuation must be at least annual. Until changed by the Committee, the Valuation Date shall be daily.

If you withdraw money from the Plan or receive a distribution prior to attaining age 59½, you may be subject to a 10 percent (10%) penalty tax on all taxable amounts you receive. The 10 percent (10%) penalty applies to all distributions from the Plan made under age 59½ except distributions made (i) on account of death, (ii) on account of disability, (iii) in the form of substantially equal periodic payments for life, (iv) because of separation from service after age 55, (v) for eligible medical expenses, or (vi) in compliance with a qualified domestic relations order.

#### **WITHHOLDING REQUIRED FOR CERTAIN DISTRIBUTIONS AND WITHDRAWALS**

Most distributions and withdrawals from the Plan directly to you are subject to a 20 percent (20%) federal income tax withholding requirement. If the distribution constitutes an “eligible rollover distribution,” you can avoid the 20 percent (20%) withholding by directing the Plan to transfer the distribution directly to an “eligible retirement plan” (including an IRA) which accepts the distribution. Prior to any distribution to you, or withdrawal by you, you will be provided a distribution election form and special tax notice required by the Internal Revenue Service to explain your options. Distributions and withdrawals from the Plan of after-tax amounts are not subject to withholding, but may be rolled over directly to an “eligible retirement plan” (including an IRA).

You may also roll distributions and withdrawals over to Roth IRAs. However, any amounts rolled over to a Roth IRA will be subject to full applicable federal income taxation at the time of the rollover.

#### **HOW WILL MY BENEFITS BE PAID?**

As a general rule, each distribution will be made in cash. Your benefits will be distributed in a lump sum payment.

Distributions will normally be made within one year after your employment is terminated. If the value of your vested account balance (currently or at the time of any prior Plan distributions to you) is more than \$1,000, and you fail to have such distribution paid directly to an eligible retirement plan specified by you in a direct rollover or to receive the distribution

directly, the Committee will pay the distribution in a direct rollover to an individual retirement plan in your name designated by the Committee.

### **HOW DO I FILE A CLAIM FOR BENEFITS?**

If you wish to make a withdrawal or if you retire or terminate employment, you should contact the Department of Financial Services at the Diocesan Pastoral Center to obtain the proper claim forms. Under normal circumstances, your claim will be acted upon by the Committee within 90 days (180 days if special circumstances require a delay) of receipt of your claim. If your claim is denied or reduced for any reason, the Committee will notify you of its action, provide specific reasons for its determination (with specific references to the Plan provisions that apply), and describe any additional material or information necessary for you to perfect your claim and an explanation of why such material or information is necessary. The Committee will also tell you how you can appeal the decision.

### **WHAT SHOULD I DO IF MY CLAIM IS DENIED OR REDUCED?**

If your claim is denied or reduced, or the Sponsor does not act upon your claim within 90 days, you may file an appeal with the Committee. In order to make an appeal, you must submit a written request to the Committee within 60 days after your claim is first denied or reduced. In your request for an appeal, you may submit whatever comments or arguments you wish. During the review of your appeal, you (or your Beneficiary) may represent yourself (or himself or herself) or appoint a representative, and you will have the right to inspect all documents pertaining to the issue free of charge.

The Committee must make its decision under normal circumstances within 60 days after it receives the appeal. In special circumstances the decision may be delayed but must, in any event, be made no later than 120 days after the appeal is received. The decision on appeal will be in writing and will include specific reasons for the decision.

If an extension of time for a decision upon a claim is required because of special circumstances, the Committee will notify you of the extension in writing and will indicate the special circumstances.

### **RIGHT TO CONSTRUE, AMEND AND TERMINATE PLAN**

The Committee has the discretionary authority to determine eligibility for benefits under the Plan and to construe the terms of the Plan. Although the Sponsor intends to continue the Plan indefinitely, the Sponsor necessarily reserves the right to amend or even terminate the Plan at any time; provided, however, that such amendment or termination shall not reduce any of your accrued benefit at such time.

Should the Sponsor terminate the Plan, you will immediately become 100% vested in all your Accounts. In the event of a Plan termination, you may elect to receive your Account balances in a single lump sum or you may rollover those amounts directly to another qualified plan. If you do not make an election, your Account balances will be distributed to you in a single lump sum.

You should also understand that the Plan is not the type of plan that is insured by the Pension Benefit Guaranty Corporation; therefore, plan termination insurance provisions are not provided.

## IMPORTANT PLAN INFORMATION

Listed below is other pertinent information concerning the Plan:

<b><i>Sponsor and the Administrator :</i></b>	Diocese of Beaumont P.O. Box 3948 Beaumont, Texas 77704-3948 409/838-0451
<b><i>Trustee:</i></b>	Most Reverend Curtis J. Guillory, S.V.D., D.D. Bishop of Beaumont Diocese of Beaumont P.O. Box 3948 Beaumont, Texas 77704-3948 409/838-0451
<b><i>Agent for Service of Legal Process:</i></b>	Diocese of Beaumont P.O. Box 3948 Beaumont, Texas 77704-3948  <i>Service of legal process may also be made upon the Trustee or the Committee.</i>
<b><i>Sponsor Identification Number:</i></b>	74-1551958
<b><i>Plan Type:</i></b>	401(k)
<b><i>Administration Type:</i></b>	Employer administration
<b><i>Plan Fiscal Year:</i></b>	January 1 to December 31
<b><i>Plan Number:</i></b>	003
<b><i>Adopting Employers:</i></b>	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.**