



THE ARCHDIOCESE OF
GALVESTON-HOUSTON

SUMMARY OF THE
PENSION PLAN
FOR LAY EMPLOYEES

July 1, 2018



Archdiocese of Galveston-Houston
Office of the Archbishop

July 1, 2018

Dear Archdiocesan Employees:

It is my pleasure to present to each of you the updated Pension Plan Summary for Lay Employees. The Pension Plan is a benefit the Archdiocese provides in recognition of your dedicated years of credited service as servants of God.

As you approach your retirement years, I want you to know I am grateful to each of you for your commitment to serve the Archdiocese of Galveston-Houston. As Pension eligible active Lay Employees, your employer location or chancery department contributed funds on your behalf to the Pension Plan. At some future date, you will initiate your request for a Pension calculation based on your employment variables.

The Defined Benefit Pension Plan is meant to supplement your Social Security Benefits and your personal retirement income. It is not meant to serve as your primary source of retirement income. I ask you to read the Summary to become familiar with the plan.

The Summary in its entirety will be available on the Archdiocesan Website at www.archgh.org/benefits under Pension Plan Summary for Lay Employees. We reserve the right to make plan revisions on an as needed basis.

Once again, I want to express my sincere gratitude for your years of service. As Lay Employees of this Archdiocese, your work of sharing the Catholic faith affected millions of the faithful in our community. May you enjoy your future retirement years.

In every best prayer I sincerely remain yours in Christ,

Most Reverend Daniel DiNardo
Archbishop of Galveston-Houston

TABLE OF CONTENTS

| | Page |
|--|-------------|
| INTRODUCTION TO LAY EMPLOYEE PENSION..... | 1 |
| Eligibility | 1 |
| Purpose of Booklet..... | 1 |
| RETIREMENT BENEFITS PROVIDED | 2 |
| Normal Retirement..... | 2 |
| Pension Formula Examples..... | 2 |
| Early Retirement | 3 |
| Late Retirement..... | 3 |
| DEFERRED MONTHLY SEVERANCE BENEFITS..... | 4 |
| Minimum Required Distributions | 4 |
| DEATH BENEFITS | 5 |
| If You Die Before Retirement..... | 5 |
| If You Die After Retirement, but Before Benefit Payments Begin | 5 |
| If You Die After Retirement and After Benefit Payments Begin..... | 5 |
| PAYMENT OF RETIREMENT BENEFITS | 6 |
| Standard Forms of Benefit Payment | 6 |
| Automatic Cash Outs and Rollovers..... | 6 |
| Requesting a Rough Estimate of Your Pension..... | 6 |
| APPLYING FOR BENEFITS | 7 |
| ADMINISTRATIVE PROVISIONS..... | 8 |
| Pension Committee | 8 |
| Trust Fund..... | 8 |
| Pension Plan Sponsor..... | 8 |
| Participating Archdiocesan Employers..... | 8 |
| Plan Dates | 9 |
| No Guarantee of Employment | 9 |
| Information You Provide | 9 |
| Assignment of Benefits..... | 9 |
| Qualified Domestic Relations Order..... | 9 |
| Lump Sum Payments | 9 |
| Unclaimed Benefits..... | 9 |
| Guardian and Custodians | 10 |
| Forfeitures | 10 |
| Rehired and Transferred Before Retirement..... | 10 |
| Re-employment After Retirement..... | 10 |
| Cost | 10 |
| Amendments and Termination..... | 10 |
| Pension Benefit Guaranty Corporation (the “PBGC”) | 11 |

TABLE OF CONTENTS
(continued)

| | Page |
|--------------------------------------|-------------|
| APPENDIX A..... | 12 |
| Credited Service:..... | 12 |
| Plan Compensation: | 12 |
| Social Security Retirement Age:..... | 13 |

INTRODUCTION TO LAY EMPLOYEE PENSION

The Archdiocese of Galveston-Houston Pension Plan (the “Pension Plan”) is a defined benefit pension plan and is intended to supplement your retirement income if you are covered by the Pension Plan. It is not intended to serve as your primary source of retirement income. If you are eligible, you will receive a monthly benefit for life when you retire.

Eligibility

You are covered by the Pension Plan if you are a lay employee who works 20 or more hours a week and five or more months a year. You will automatically become a member on the first date of your employment with the Archdiocese if you satisfy the eligibility requirements.

Purpose of Booklet

The purpose of this booklet is to provide you with a summary of the Pension Plan. The official Pension Plan document and trust agreement (legal documents) govern the Pension Plan in all cases and contain all the details. In the event of any inconsistency between this summary (and other communications concerning the Pension Plan), and the Pension Plan document itself, the Pension Plan document language will always control.

RETIREMENT BENEFITS PROVIDED

If you are eligible, you will receive a lifetime monthly benefit from the Pension Plan when you retire.

Normal Retirement

Normal Retirement Date means the first day of the month coincident with or next following the *later* of your attainment of your Social Security Retirement Age or your completion of 15 years of Credited Service.

The retirement benefit at your Normal Retirement Date is an amount equal to 1.00% of your Plan Compensation multiplied by your years of Credited Service credited after June 30, 2018 plus your accrued benefit frozen as of June 30, 2018, if any.

In addition, if you had 25 or more years of Credited Service as of June 30, 2018, your Benefit will be increased by 3% if you retire on or after age 60, and, if you had 30 or more years of Credited Service as of June 30, 2018, your Benefit will be increased by an additional 3% if you retire on or after age 65. If you did not have at least 25 years of Credited Service as of June 30, 2018, you will not be eligible for either of these 3% Benefit increases.

However, a prior benefit formula applied to certain lay employees who attained age 50 by July 1, 2004 and who retire after July 1, 2009. You will be notified if this applies to your benefit.

Pension Formula Example 1 -- No 2018 Frozen Benefit

Let's assume: Average Monthly Compensation is \$2,500
Normal Retirement Age is 67
Age at Termination of Employment is 67
Years of Service is 24 years

Example 1: Pension Benefit = \$ 600.00 (.01 x \$2,500 x 24 years of Credited Service)

Pension Formula Example 2 -- Includes 2018 Frozen Benefit

Let's assume: Normal Retirement Age is 67
Age at Termination of Employment is 67
Average Monthly Compensation at Termination of Employment is \$2,500
Average Monthly Compensation as of June 30, 2018 was \$2,100
Years of Credited Service as of June 30, 2018 was 14 years
Years of Credit Service after June 30, 2018 is 4 years

Example 2: Pension Benefit = \$ 100.00 (.01 x \$2,500 x 4 years of Credited Service)
\$ 338.10 (.0115 x \$2,100 x 14 years of Credited Service)
\$ 438.10

Pension Formula Example 3 -- Includes 2018 Frozen Benefit plus 25 years of Credited Service as of June 30, 2018

Let's assume: Normal Retirement Age is 67
Age at Termination of Employment is 67
Average Monthly Compensation at Termination of Employment is \$2,400
Average Monthly Compensation as of June 30, 2018 was \$2,100
Years of Credited Service as of June 30, 2018 was 27 years
Years of Credit Service after June 30, 2018 is 8 years

Example 3: Pension Benefit = \$ 192.00 (.01 x \$2,400 x 8 years of Credited Service)
 \$ 652.05 (.0115 x \$2,100 x 27 years of Credited Service)
 \$ 844.05
 \$ 63.00 (3% x \$2,100)*
 \$ 907.05

*The retiring Lay Employee in this Example 3 had more than 25 years of Credited Service as of June 30, 2018 so was eligible for the first 3% benefit increase, but was not eligible for the second 3% increase because the Lay Employee did not have 30 years of Credited Service as of that date.

Please note, these examples do not take into account the formula that applies to certain lay employees who attained age 50 by July 1, 2004 and who retire after July 1, 2009.

Early Retirement

A Lay Employee may retire on the first day following the later of his or her attainment of 10 years less than the Social Security Retirement Age and the completion of 15 years of Credited Service, or if earlier the attainment of one's Social Security Retirement Age (currently, age 67). You may also defer receipt of your Early Retirement Benefit until your Normal Retirement Age. The Early Retirement Benefit is determined under the same formula described under Normal Retirement, using Credited Service and Plan Compensation as of your Early Retirement Date. However, your Early Retirement Benefit will be reduced if payments commence early because they will be spread over a longer period of time.

The reduction will be based upon your age when the payments begin. You should contact the Benefits Department should you want an estimate of an early retirement benefit.

Late Retirement

You do not have to retire from the Archdiocese on your Normal Retirement Date. If you retire after your Normal Retirement Date, your monthly retirement benefit will be calculated as of the date you actually retire. Payments will begin on the first of the month after the date you retire.

No In-Service Payments after Age 70½

The Pension Plan does not allow Lay Employees who attain age 70½ after January 1, 2018 to elect to commence their pension benefit while still employed.

DEFERRED MONTHLY SEVERANCE BENEFITS

If you leave the Archdiocese before becoming entitled to a retirement benefit, you will receive at your Normal Retirement Date, a Deferred Monthly Severance Benefit equal to your vested percentage of your Accrued Benefit calculated as of your termination date. You build your vested status through your years of Credited Service.

| Your Full Years of Credited Service | Your Vested Percentage |
|-------------------------------------|------------------------|
| Less than 3 | 0% |
| 3 but less than 4 | 20% |
| 4 but less than 5 | 40% |
| 5 but less than 6 | 60% |
| 6 but less than 7 | 80% |
| 7 or more | 100% |

If you have less than three years of Credited Service, you will not be entitled to a Deferred Monthly Severance Benefit.

You may elect to receive an unreduced monthly benefit to begin on the first day of the month on or after your Normal Retirement Date, which will be calculated using your Credited Service and Plan Compensation as of your termination date.

You may choose to begin receiving your monthly benefit as early as your Early Retirement Age, but the amount will be reduced to reflect the expected longer period of payments. If you do so, your monthly benefit will be calculated in the same manner as the Early Retirement calculations. *See page 3.* After this calculation is completed, you apply the vested percentage above based on your years of Credited Service on your date of termination.

Minimum Required Distributions

Participants must begin receiving minimum distributions from the Plan by April 1 of the calendar year following the later of:

- the year in which they reach age 70½, or
- the year in which they leave service with the Archdiocese.

Participants who do not receive minimum distributions by the required dates, or who receive less than the minimum amount the law requires, must pay a nondeductible 50 percent excise tax on the difference between the amount that should have been received and the amount received. Please note that minimum required distributions are not eligible for rollover, and are calculated in accordance with federal income tax law.

DEATH BENEFITS

If you have been married at least one year and you die, your spouse may be eligible for a benefit from the Pension Plan. Benefit payments will begin on the first of the month after your death and will continue for the life of your spouse.

If You Die Before Retirement

If you have at least five years of Credited Service and you have reached age 45, your eligible spouse will receive a benefit if you die before retirement. The monthly death benefit will be equal to 50% of the benefit you would have been entitled to had you terminated employment on your date of death with 100% vesting, unreduced for early payment. If your spouse is more than five years younger than you, then the monthly benefit will be reduced due to an expected longer payment period.

If You Die After Retirement, but Before Benefit Payments Begin

If you have retired and are eligible for an Early, Normal or Late Retirement under the Pension Plan, but die before payments begin, your eligible spouse will receive a benefit. The monthly death benefit will be equal to 50% of the benefit you would have been entitled to at your Normal or Late Retirement date, unreduced for early payment. If your spouse is more than five years younger than you, then the monthly benefit will be reduced due to an expected longer payment period.

If You Die After Retirement and After Benefit Payments Begin

If you have been receiving benefit payments for an Early, Normal or Late Retirement from the Pension Plan and die, your eligible spouse will receive a benefit. The monthly death benefit will be equal to 50% of the amount you were receiving as of the date of your death. If your spouse is more than five years younger than you, the monthly benefit will be reduced due to an expected longer payment period.

No death benefit is payable if you:

- Have not been married at least one year before your death,
- Are actively employed and your death occurs before both reaching your 45th birthday and completing five years of Credited Service for vesting purposes, or
- Terminated employment before satisfying both of the Early Retirement requirements.

PAYMENT OF RETIREMENT BENEFITS

Standard Forms of Benefit Payment

If you are single, your retirement benefits will be payable for your lifetime only.

If you are married, your retirement benefits will be payable for your lifetime. If you die after beginning to receive your pension and have been married for at least one year before your death, your spouse will be entitled to a survivor benefit equal to 50% of the amount you were receiving as a retirement benefit at your death, adjusted if your spouse is more than five years younger than you.

Automatic Cash Outs and Rollovers

If the lump-sum value of your vested retirement benefit is \$10,000 or less, your benefit will be paid to you in a single lump-sum payment.

In general, lump-sum payments made from the Pension Plan are eligible for rollover to another qualified pension plan, an Individual Retirement Account, a government plan, or a tax sheltered annuity plan. A rollover can be done directly, from one plan to another, or can be made by you within 60 days of distribution. Rollover information will be provided to you (or your spouse if applicable) if Pension Plan benefits are automatically cashed out.

Requesting a Rough Estimate of Your Pension

If you have completed three Years of Service or more and are approaching termination or retirement, you may request a Pension rough estimate. You can search in the Archdiocesan Website at www.archgh.org/benefits to view and print the Lay Employee Request Form for Pension Estimate. Or, you can contact the Archdiocesan Benefits Department at (713) 654-5772 and request a Lay Employee Request Form for Pension Estimate. Please allow six to eight weeks for your reply.

APPLYING FOR BENEFITS

To apply for a benefit, you can search in the Archdiocesan Website at www.archgh.org/benefits to view and print the Lay Employee Pension Application. Or, you can contact the Pension Specialist in the Archdiocesan Benefits Department at (713) 654-5722 and request a Lay Employee Pension Application Form. The application process can take approximately three to four months before Pension benefits begin.

Submit your completed Pension Application form to the Pension Specialist in the Archdiocesan Benefits Department. Your benefit will be calculated according to the Pension application you completed, our employment records, and your Credited Service with the Archdiocese prior to your termination of employment. The application determines if the Pension letter is for a Monthly Distribution, a Deferred Distribution, or a One Time Lump-Sum Distribution.

Monthly Distribution - You will be asked to complete the Authorization Agreement for Automatic Deposit Payment Information/Tax Withholding Election form and return it to the Archdiocesan Benefits Department for processing with the trustee.

Deferred Distribution - Your letter will have an option to pick one of two Pension start dates. You will complete an Option Choice form expressing your decision on which option you would like to receive and return it to the Archdiocesan Benefits Department.

One Time Lump-Sum Distribution - You will be asked to complete a Rollover Distribution Election Form and return it to the Archdiocesan Benefits Department for processing with the trustee.

If your Pension Application is denied, the written notice will include the reasons for the denial and it will make reference to the Plan provisions on which the denial is based.

If you believe that a denial or benefit amount is incorrect, you may request a full review after you receive the notice. A request for review must be made in writing and filed with the Archdiocesan Benefits Department within one year after the claim was denied. Otherwise, a review cannot be granted and the denial of benefits will be final. The Archdiocesan Benefits Department will refer the denied claim to the Pension Committee for further consideration.

Important Note: You must apply for your pension prior to attaining your Normal Retirement Date or your actual retirement date if later. You will NOT receive retroactive pension payments should you fail to timely apply for your pension. In these instances, payments will commence after the election paperwork is completed and filed by you, but your future payments will be actuarially increased. It is also important that you keep the Archdiocesan Benefits Department updated with your current address.

ADMINISTRATIVE PROVISIONS

The Pension Plan is a defined benefit pension plan designed to assist covered lay employees with retirement income.

Pension Committee

The Pension Committee, appointed by the Archbishop, is the “named” fiduciary of the Pension Plan and has exclusive responsibility for the general administration of the Pension Plan and Trust Fund.

The Catholic Archdiocese of Galveston-Houston
Pension Committee

Attention: Archdiocesan Benefits Department

Mailing Address:

P.O. Box 907
Houston, Texas 77001-0907
(713) 652-8222

Street Address:

1700 San Jacinto
Houston, Texas 77002-8291

Trust Fund

A trust has been established for the exclusive benefit of Pension Plan members. The trustee is appointed by the Archdiocese of Galveston-Houston. All contributions and administrative fees are paid by the participating Archdiocesan Employer. The trustee is:

Wells Fargo Bank Texas, N.A.
Attention: Institutional Investments Group
1000 Louisiana Street, Suite 630
Houston, Texas 77002-5025

Pension Plan Sponsor

The Catholic Archdiocese of Galveston-Houston
Attention: Archdiocesan Benefits Department

Mailing Address:

P.O. Box 907
Houston, Texas 77001-0907
(713) 652-8222

Street Address:

1700 San Jacinto
Houston, Texas 77002-8291

Participating Archdiocesan Employers

The following entities currently participate in the Archdiocese of Galveston-Houston Pension Plan and are considered a Participating Archdiocesan Employer under the Pension Plan:

The Archdiocesan Chancery Downtown and at St. Dominic Center
Texas Catholic Herald
Catholic Cemeteries
St. Mary Seminary

Camp Kappe (including the School of Environmental Education)
Parishes
Parish Schools (not independent or private schools)

Plan Dates

The Pension Plan became effective on July 1, 1975.

No Guarantee of Employment

Participation in the Pension Plan does not give you a right to continued employment with the Archdiocese.

Information You Provide

Any personal information (such as your age) that you provide to the Archdiocese will be binding and relied upon in the Pension Plan's administration.

Assignment of Benefits

The Pension Plan is intended to pay benefits only to you and your spouse. Your benefit may not be used as collateral for loans or be assigned in any other way. However, your benefit may be divided in a qualified domestic relations order, as federal law requires.

Qualified Domestic Relations Order

Your benefit may be divided in a qualified domestic relations order. A "Qualified Domestic Relations Order" (QDRO) is a legal judgment, decree or order which recognizes the rights of another person under the Pension Plan. The rights may concern support for children or other dependents, alimony or marital property rights.

A QDRO must meet specific requirements to be recognized by the Pension Plan's Pension Committee. In addition, certain procedures govern the amount and timing of benefits. If you have any questions regarding a QDRO, please contact the Archdiocesan Benefits Department. Please submit all QDROs to the Archdiocesan Benefits Department who will forward it to the Pension Committee.

Lump Sum Payments

If the lump sum value of your benefit amount is less than \$10,000, you will be paid in a lump sum, instead of monthly payments. You are also entitled to waive part or all of your benefit. However, a benefit waiver is irrevocable and once a benefit is waived it cannot be reversed.

Unclaimed Benefits

You should always keep the Archdiocesan Benefits Department aware of your current address. If your pension benefit check is mailed to your last address and it is returned, all benefit

payments will stop until the Archdiocesan Benefits Department has the correct address information. Any change of address must be submitted in writing.

Guardian and Custodians

If a person who is entitled to receive benefits under this Pension Plan is incompetent, the Archdiocese Benefits Department must receive Guardianship documents in order to make any changes. The Benefits Department will process the change from the retiree to the guardian or custodian. Neither the Pension Committee nor the trustee is required to ensure that proper application of the payment is made.

Forfeitures

All forfeitures will be applied against the Archdiocese contributions to the Pension Plan and will not be applied to increase any benefits.

Rehired and Transferred Before Retirement

If you have terminated employment and are later rehired, been transferred between Archdiocesan locations or had your work hours increased or decreased thereby affecting your Pension Benefits, special rules apply to you (for example, rules concerning service credit). Please contact the Archdiocesan Benefit Department regarding your Pension Benefits.

Re-employment After Retirement

If you become re-employed by the Archdiocese after you retire in an eligible class, you must stop receiving your Pension payments. Pension payments will resume upon your subsequent termination or retirement. At the time of the next termination or retirement, your Pension benefits will need to be recalculated to include the additional Credited Service and wage income you receive during your period of re-employment. You need to notify the Archdiocesan Benefit Department that you have been rehired in the Archdiocese in order to bridge your service.

Cost

The entire cost of the Pension Plan is paid by the Archdiocese. You are neither required nor permitted to make contributions to the Pension Plan.

Amendments and Termination

The Archdiocese intends to continue the Pension Plan indefinitely, but reserves the right to change, amend or terminate the Pension Plan at any time. If the Pension Plan should end (a total termination occurs), contributions would stop and no one would be allowed to join the Pension Plan. Members would immediately become 100% vested, to the extent the Pension Plan is funded. The amendments effective July 1, 2018 are not intended and do not retroactively increase benefits accrued prior to July 1, 2018. Benefits accrued prior to July 1, 2018 are governed by the terms of the Plan prior to this date.

Pension Benefit Guaranty Corporation (the “PBGC”)

The PBGC does not guarantee benefits under the Pension Plan. The Pension Plan is a “Church Plan” and therefore not subject to ERISA and certain provisions of the Internal Revenue Code.

APPENDIX A

Defined Terms

Credited Service:

The amount of time you work for the Archdiocese helps to determine your benefit. This time is called *Credited Service*.

- Credited Service for vesting purposes determines when you receive a benefit
- Credited Service for benefit accrual purposes determines the amount of your benefit

You receive Credited Service for vesting and benefit accrual purposes for all the periods of time you perform duties directly for a participating Archdiocesan employer location. You will also receive Credited Service for vesting purposes for all the periods of time you perform service for the Archdiocese.

Generally, a “year” of Credited Service means a 12-month period. However, if you work for a school, a “year” means the full school year for purposes of Credited Service.

All periods of work, whether or not consecutive, will count toward your Credited Service.

Service before July 1, 1989 will be determined under the previous plan provisions.

Plan Compensation:

Plan Compensation means the average of your monthly pay (including bonuses and overtime) for the highest five consecutive calendar years of pay you have received from the Archdiocese. If you work for a school and are paid in less than 12 months, your pay will be averaged as if it were paid over a 12-month period.

Social Security Retirement Age:

The following table sets forth your Social Security Retirement Age depending on your year of birth:

| YEAR OF BIRTH* | FULL RETIREMENT AGE** |
|-----------------------|------------------------------|
| 1937 or earlier | 65 |
| 1938 | 65 and 2 months |
| 1939 | 65 and 4 months |
| 1940 | 65 and 6 months |
| 1941 | 65 and 8 months |
| 1942 | 65 and 10 months |
| 1943-1954 | 66 |
| 1955 | 66 and 2 months |
| 1956 | 66 and 4 months |
| 1957 | 66 and 6 months |
| 1958 | 66 and 8 months |
| 1959 | 66 and 10 months |
| 1960 and later | 67 |

*If you were born on January 1st, you should refer to the previous year.

**Subject to statutory changes