

**ARCHDIOCESE OF GALVESTON-HOUSTON PENSION PLAN AND TRUST
NOTICE TO LAY PARTICIPANTS**

This notice pertains to upcoming changes to the Archdiocese of Galveston-Houston Pension Plan (the “*Pension Plan*”). The first portion of the Notice is being sent to inform you that effective July 1, 2018 (the “*Amendment Date*”), the Archdiocese of Galveston-Houston (the “*Sponsor*”) is amending the Pension Plan to reduce future benefit accruals under the Pension Plan for current lay employee participants. The second portion of the Notice is a summary of other modifications being made to the Pension Plan under the Amendment.

I. NOTICE OF REDUCTION OF BENEFIT ACCRUALS

The Pension Committee, based on over a year of studying the economic market conditions (low interest rates and asset performance) that exist in today’s world, has determined that an amendment is necessary to maintain the financial soundness of the Pension Plan. The Amendment does not reduce your accrued benefit that was earned through June 30, 2018. The Amendment changes the benefit formula for service on and after July 1, 2018. The following is a general summary of the change:

Your Monthly Pension Benefit Prior to the Amendment Date

Generally, your monthly pension benefit at Normal Retirement Date prior to the Amendment Date is calculated generally based on the following :

1.15% of Plan Compensation	X	Years of Benefit Service
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Plus, if you retire on or after age 60 with 25 years of Benefit Service, your benefit is increased by 3% of Plan Compensation, and if you retire on or after age 65 with 30 or more years of Benefit Service, your benefit is increased by an additional 3% of Plan Compensation.

Please see the Pension Plan for a complete description of the Pension Plan benefit. This merely summarizes the current benefit formula.

Your Monthly Pension Benefit After the Amendment Date

The Amendment of the Pension Plan effective July 1, 2018 means that your future benefit accruals under the Pension Plan generally will change as follows:

A)

1.15% of Plan Compensation as of June 30, 2018	X	Years of Benefit Service credited as of June 30, 2018
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PLUS

B) a benefit calculated based on the following:

1.00% of Plan Compensation	X	Years of Benefit Service credited after June 30, 2018
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PLUS

C) If you have 25 or more years of Benefit Service as of June 30, 2018 and you retire on or after age 60, your benefit is increased by 3% of Plan Compensation, and if you have 30 or more years of Benefit Service as of June 30, 2018 and you retire on or after age 65, your benefit is increased by an additional 3% of Plan Compensation. (If you do not have at least 25 years of Benefit Service as of June 30, 2018, you are not eligible to receive either of these 3% benefit increases.)

II. SUMMARY OF OTHER MODIFICATIONS TO THE PENSION PLAN UNDER THE AMENDMENT

In addition to the reduction of benefit accruals for service on or after July 1, 2018, the Pension Plan was modified under the Amendment including to effect the following:

- Effective July 1, 2018, participants are eligible to receive the reduced early retirement benefit at or after attaining the earlier of (A) Social Security Retirement Age (currently 67) or (B) the later of (i) attainment of 10 years less than the Social Security Retirement Age and (ii) the completion of 15 years of Credited Service.

The Early Retirement benefit is determined under the same formula as the Normal Retirement benefit above but it is determined as of your Early Retirement Date. In addition, if you elect an Early Retirement Benefit, the amount of the payment is reduced because the payments commence earlier and will be spread over a longer period of time.

- The Pension Plan will not make retroactive back payments if a participant fails to elect benefits at his or her Normal Retirement. In these instances, payments will commence after the election paperwork is completed and filed by the participant, but the participant's future payments will be actuarially increased.
- Participants who are still employed by the Archdiocese may not receive distributions while employed after attaining age 70½ (effective for employees who attain age 70½ on or after January 1, 2018). A participant who is not employed by the Archdiocese after age 70½ must begin receiving benefits no later than the April 1 following the later of the year in which the participant attains of age 70½ or the participant terminates employment.

Questions

If you have questions concerning the Amendment of the Pension Plan, or your benefit under the Pension Plan, please contact the Archdiocese of Galveston-Houston Benefits Department, 1700 San Jacinto Street, Houston, Texas 77002-8291, (713) 654-5765.

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