

THE ROMAN CATHOLIC DIOCESE OF RICHMOND

7800 CAROUSEL LANE, RICHMOND, VIRGINIA 23294-4201



DIOCESAN RETIREMENT PLAN FOR LAY EMPLOYEES

Summary Plan Description

Effective January 1, 2015

Diocese of Richmond

Pastoral Center • 7800 Carousel Lane, Richmond, Virginia 23294-4201 • Phone: (804) 359-5661 • Fax: (804) 358-9159



Office of the Bishop

Dear Employees,

I am pleased to share with you this **Summary Plan Description** (SPD) for the Catholic Diocese of Richmond's Retirement Plan for Lay Employees (pension plan). The pension plan has been in effect since January 1, 1968. Over the years, several improvements and changes have been made, the most recent of which went into effect January 1, 2015.

Preparing financially for your future is an important goal, and as your employer, we recognize that necessity and want to help you toward achieving a financially secure future. The pension plan was created as one avenue to assist you in achieving this goal. Note, there is no direct cost to you as an employee for this benefit; it is paid for in full by the employer.

Outlined in this document is a summary of some of the important highlights of the plan. I encourage you to read the information contained in this document and to ask questions, should you have any. As the plan is revised and/or amended, the information in this summary may change. This document with any changes will be posted electronically on the Diocesan Extranet.

Please accept my sincere gratitude for your ministry and dedication. On behalf of the Catholic Diocese of Richmond, I thank you.

With every best wish, I remain,

Sincerely yours in Our Lord,

A handwritten signature in blue ink that reads "Francis X. DiLorenzo". The signature is written in a cursive style with a small cross at the beginning.

Most Rev. Francis X. DiLorenzo

Bishop of Richmond

January 2016

SUMMARY PLAN DESCRIPTION

Diocesan Retirement Plan for Lay Employees

This booklet summarizes the major provisions of the Diocesan Retirement Plan for Lay Employees (the "Plan") but cannot serve as a substitute for the actual Plan and Trust Agreement. The Plan and Agreement are legal documents and are therefore more detailed and explicit. These documents are available for inspection on request at the Pastoral Center Offices of the Diocese. If this booklet conflicts with those legal documents, the legal documents will govern. Questions about your retirement may be directed to the Catholic Diocese of Richmond, Office of Human Resources at (804) 359-5661.

PLAN PURPOSE

The purpose of the Plan is to provide a regular monthly retirement income for lay employees who remain in diocesan employment until a vested benefit is earned under the Plan.

PARTICIPATION

All eligible lay employees of the Church are participants by virtue of their employment. To be eligible, you must be regularly employed, working 20 hours per week or more.

Employees who were excluded from the Plan because they had been hired after attaining age 65 prior to January 1, 2002, became participants on January 1, 2002 if they were employed on that date.

VESTING

All participants become entitled to a benefit (i.e., become vested) after 5 years of credited service employment. Vested means that whatever benefit you have earned cannot be taken away from you. For Participants who are not vested and who incur a break-in-service before being reemployed, all service prior to the break-in-service will be disregarded if the number of years of the break-in-service equals or exceeds the number of years of service accrued before the break-in-service. Service will not be disregarded for breaks-in-service that occurred prior to January 1, 2015.

BENEFIT COMPUTATION

The normal annual computation involves a formula which depends on several elements which are defined as:

Earnings – The total cash earnings, prior to any salary reduction (including amounts which you could have elected to receive in cash in lieu of non-taxable benefits under a plan subject to Code Section 125 or 403(b)), premium conversion and/or prior to income tax withholding paid to you for services as an employee during a calendar year.

Highest Average Earnings – The average of your earnings for the 5 highest consecutive calendar years (or the full period if less than five years) is used.

Years of Credited Service – Generally, the total length of service as a full-time eligible lay employee until the date of retirement, but periods of leave of absence without pay are not counted. Also, full-time (or part-time) service for a fraction of a year can be taken into account as a fractional year of Credited Service. The Lay Retirement Committee has adopted equivalency rules under which part-time service will be treated as Credited Service. Your service includes all time with a Diocesan employer even if you leave and come back at a later date.

Grandfathered Participant – A Participant who as of December 31, 2014 is actively employed, has attained age 60 and has completed at least five years of Credited Service.

Non-Grandfathered Participant – A Participant who is not a Grandfathered Participant.

Covered Compensation – The average of the Taxable Wage Bases (used for Social Security purposes) in effect for the 35 years ending in the year in which you attain your Social Security Retirement Age.

Using the above mentioned elements, examples of a possible benefit would be figured as follows:

If you are a Grandfathered Participant:

.9% of your Highest Average Earnings up to \$6,600

PLUS

1.5% of your Highest Average Earnings above \$6,600

MULTIPLIED BY

your years of Credited Service

If you are a Non-Grandfathered Participant:

.9% of your Highest Average Earnings up to \$6,600

PLUS

1.5% of your Highest Average Earnings above \$6,600

MULTIPLIED BY

your years of Credited Service prior to January 1, 2015

PLUS

1.5% of your Earnings for each year on and after January 1, 2015

Please note that Highest Average Earnings and Credited Service are frozen after December 31, 2014 and will not increase after that date.

Cost of Living Supplement – The retirement benefit will be increased annually for (i) all Grandfathered Participants and (ii) all Non-Grandfathered Participants whose benefits commence prior to 2015 based on the increase in the National Consumer Price Index. The increase, if any, will be applicable as of July of each year. Prior to 2015, the increase was limited to a maximum of 5% in one year, and effective as of January 1, 2015, the increase is limited to a maximum of 2.5% per year.

Top Heavy Provisions – In the event the Retirement Committee determines that more than 60% of the value of the Plan's benefits has accrued to certain highly-compensated employees known as *key employees*, the Plan will be considered to be *top heavy*. If the Plan becomes top heavy, non-key employees will be entitled to certain minimum benefits. At the present time, this plan is not a top heavy plan. The Retirement Committee will advise you of your rights in the event the Plan does become top heavy.

Other Limitations – There are additional limitations based on government regulations that could affect the amount of your benefit. The Retirement Committee will notify you if these limitations affect your benefit.

Qualified Military Service – If you are engaged in qualified military service, as defined under federal law, you will be entitled to receive Earnings and Credited Service towards your pension benefit during your qualified military service. If you are a non-grandfathered participant, you will only receive Credited Service for purposes of vesting.

WHEN RETIREMENT BEGINS

Normal Retirement is the first day of the month coinciding with or next following your 65th birthday.

Early Retirement can be requested if you are over 55 years of age and have at least 10 years of Credited Service. If you retire after having met the conditions for Early Retirement, the benefit will be determined by applying the relevant formula at the Early Retirement date. The benefit is actuarially reduced to reflect commencement prior to Normal Retirement date.

If you terminate employment prior to attaining age 55, you may elect to receive your benefit as of the first day of any month after attaining age 55 up to your Normal Retirement date if you have 10 years of Credited Service. If you receive your benefit prior to your Normal Retirement date, the benefit will be reduced actuarially to reflect the earlier retirement date in the same manner as Early Retirement. In either case, if you elect Early Retirement, you cannot continue to be employed by the Diocese.

Delayed Retirement is the first day of the month coincident with or next following your severance from employment after your Normal Retirement date. The benefit payable shall be the greater of your benefit determined at your Delayed Retirement date or your benefit computed using Earnings and Credited Service through your Normal Retirement date, actuarially increased to your Delayed Retirement date.

However, beginning as of January 1, 2015, if you remain employed after your 65th birthday, you have the option to receive a monthly benefit while still working equal to the benefit determined at your Normal Retirement age. At your termination of employment, your benefit will be recalculated to equal the greater of (i) the accrued benefit determined as of your date of termination of employment (including service and compensation accrued after your Normal Retirement date) or (ii) the actuarial equivalent benefit determined as of December 31 of the prior year, but reduced by (iii) the actuarial equivalent of payments made to you, but not below the amount that you had been receiving.

HOW TO APPLY

All questions and benefit applications should be addressed to:

Catholic Diocese of Richmond
Office of Human Resources
Lay Retirement Committee
7800 Carousel Lane
Richmond, VA 23294

Phone: (804) 359-5661

DEATH BEFORE BENEFITS START

If you die before your benefit payments begin, your spouse will receive a monthly allowance for life provided your death occurs before you actually retire, but after you have met the eligibility requirements for Normal or Early Retirement.

If you have met the requirements for Normal or Early Retirement, the benefit is determined as if you had retired on the first day of the month on or following your death. It is figured under the Joint and Survivor Option with your spouse receiving an amount equal to that which would have been paid to you. This benefit is payable only if your spouse survives you. The survivor benefit becomes payable to your spouse as of the earliest date you would have been eligible to retire.

Lump Sum Death Benefit – In the event that at the time of death you are either (i) employed by the Bishop or (ii) a former employee of the Bishop and receiving a disability benefit from a participating diocesan employer, a benefit of \$5,000 will be paid to your named beneficiary. However, this benefit will not be paid if your spouse is entitled to the death benefit noted above.

DEATH AFTER BENEFITS START

If you die after you have started receiving benefit payments, your beneficiary or spouse will receive any benefits due only if you have elected one of the options that provides for the payment of benefits after your death. Otherwise, retirement benefits will cease upon death.

ALTERNATE BENEFIT ALLOWANCES

The normal benefit is payable for the life of a qualified retirement participant. Other options available are as follows:

Joint and Survivor Option – a reduced benefit is paid during the participant's lifetime. At the participant's death, 100%, 75% or 50% of that amount, if so elected, is paid to the participant's spouse for life. If the participant elects a child beneficiary, the joint and survivor percentage is 33 1/3%.

Ten Year Certain Option – a reduced benefit is paid during the participant's lifetime. If the participant dies before receiving 120 monthly payments, the remainder of the guaranteed payments are paid to the named beneficiary.

Social Security Option – in the event of Early Retirement, an increased benefit is paid before Social Security begins and a reduced benefit afterward. This allows a level flow of retirement income, to the greatest extent possible.

Regardless of any option elected, if the value of your benefit is equal to \$1,000 or less, the Retirement Committee will automatically pay this amount to you in a lump sum. If the value of your benefit exceeds \$1,000 but is less than or equal to \$5,000, you may elect to receive your benefit in a lump sum or defer your benefit until your Early or Normal Retirement date.

If you receive a lump sum payment at retirement or termination and you are later rehired and rejoin the Plan, you must repay the lump sum plus interest in order for your prior service to be included in future benefit calculations. The interest will be determined as 120% of the Federal mid-term rate, as adjusted. You must repay the full amount, plus interest, before the end of the plan year following the plan year in which you are subsequently reemployed by the Diocese.

If the lump sum payment, plus interest, is repaid, your prior credited service will be counted when determining any future benefits from the Plan. If the lump sum payment, plus interest, is not repaid, your prior credited service will be included in the determination of your benefit but any subsequent benefit will be reduced by the value of the lump sum payment you previously received.

If you receive a lump sum distribution, you will have an opportunity to roll it over into an Individual Retirement Account or retirement plan. You will receive more information about rollovers and taxation of the lump sum prior to the distribution.

REEMPLOYMENT AFTER RETIREMENT

If you commence your retirement benefit and are reemployed prior to your Normal Retirement date, your benefits will cease. You will begin to receive your benefits at your subsequent retirement, or if you elect, at your Normal Retirement date.

If you commence your retirement benefit and are reemployed on or after your Normal Retirement date, you will continue to receive your benefit. Upon your subsequent retirement, your benefit will be recalculated as described in "Delayed Retirement" on page 5.

WHO PAYS FOR THE PLAN

The Diocese, through its various employing locations, pays the entire cost of the Plan. There are no employee contributions. The Diocese expects to continue this retirement plan, but reserves the right to terminate the Plan or reduce contributions. However, all prior contributions would remain in trust for the benefit of participants and beneficiaries.

The cost of operating the Plan is determined by professional actuaries and suggested to the Retirement Committee. The Committee apportions the approved cost among the various employing locations.

WHO ADMINISTERS THE PLAN

A Retirement Committee appointed by the Bishop administers the Plan in accordance with the official plan documents. A bank has been appointed trustee. They hold the funds, receive contributions and pay benefits in accordance with the instructions of the Retirement Committee. To manage the assets a separate investment manager has been appointed. Also, as needed, the services of any independent actuary are obtained. The bank, investment manager and actuary are compensated for their services.

QUESTIONS AND ANSWERS

The following questions and answers have been included to provide additional information so that you may have a better understanding of the Diocesan Retirement Plan. They do not change the official plan in any manner or form. Should some question arise for which you do not find an answer in this booklet, be sure to discuss it with your employer or the person designated by them to receive inquiries concerning the Plan. If they are unable to answer your question, it will be forwarded to the Retirement Committee for final consideration and the answer will be sent to you.

MEMBERSHIP

WHO MAY PARTICIPATE IN THE RETIREMENT PLAN?

All lay employees of participating diocesan employers and agencies are eligible to participate provided they are regularly employed working 20 or more hours per week. All eligible employees are participants.

MUST I TAKE A MEDICAL EXAMINATION TO BECOME A PARTICIPANT?

No examination is required.

WHAT SHOULD I DO TO BECOME A PARTICIPANT?

No action is required of employees eligible for participation; they are automatically included under the Plan in the annual census of participation.

BENEFITS

WHEN MAY I RETIRE?

Normal Retirement date is the first day of the month coinciding with or next following your 65th birthday. Any participant who has 10 or more years of Credited Service and who has attained age 55 may retire prior to age 65.

WHEN WILL MY RETIREMENT BEGIN?

Unless you receive a lump sum, the initial payment will be at your retirement date indicated on the application or shortly thereafter. A check or direct deposit for an equal amount will be sent to you at the first of each month thereafter during your lifetime, under the form of payment you have elected. Your benefit may increase as a result of the cost of living provision of our plan. You are responsible for initiating your retirement benefit.

WHAT WILL BE THE AMOUNT OF MY RETIREMENT ALLOWANCE?

This depends on which formula applies to you, your number of years of Credited Service, and your Earnings. Please see examples below:

Example 1: Let’s figure a Normal Retirement allowance for Lee using the benefit formula for *Grandfathered Participants* noted on page 3. Let’s assume the following about Lee:

Highest average earnings \$24,000
 Credited service 30 years

	Formula	Example
Step 1	.9% of Highest Average Earnings up to \$6,600	$ \begin{array}{r} \$ 6,600 \text{ (highest average earnings up to \$6,600)} \\ \times 0.009 \\ \hline \$ 59.40 \end{array} $
Step 2	1.5% of Highest Average Earnings greater than \$6,600	$ \begin{array}{r} \$ 24,000 \\ - 6,600 \\ \hline \$ 17,400 \\ \times .015 \\ \hline \$ 261 \end{array} $
Step 3	Step 1 plus Step 2	$ \begin{array}{r} \$ 59.40 \text{ (Step 1)} \\ + 261.00 \text{ (Step 2)} \\ \hline \$ 320.40 \end{array} $
Step 4	Step 3 times years of Credited Service	$ \begin{array}{r} \$ 320.40 \text{ (Step 3)} \\ \times 30 \text{ (years of credited service)} \\ \hline \$ 9,612 \text{ (annual plan benefit)} \end{array} $

Monthly Pension payment of \$801.00 (annual plan benefit divided by 12)

Example 2: Let’s figure a Normal Retirement allowance for Mary using the benefit formula for *Non-grandfathered Participants* noted on page 4. Let’s assume the following about Mary:

Date of hire 1/1/2015
 Date of termination 12/31/2022

	Annual Earnings	1.5% of Pensionable Pay (Annual Earnings)
2015	\$35,000	\$525
2016	\$36,000	\$540
2017	\$37,000	\$555
2018	\$38,000	\$570
2019	\$39,000	\$585
2020	\$40,000	\$600
2021	\$41,000	\$615
2022	\$42,000	\$630
Sum		\$4,620 annual plan benefit

Monthly Pension payment of \$385.00
(annual plan benefit divided by 12)

Example 3: Let's figure a Normal Retirement allowance for Scott using the benefit formula for *Non-Grandfathered Participants* noted on page 4. Let's assume the following about Scott:

Date of hire	1/1/2000
Date of termination	12/31/2017
Highest average earnings as of 12/31/2014	\$40,000
Credited service as of 12/31/2014	15 years

	Formula	Example
Step 1	.9% of Highest Average Earnings up to \$6,600	$\begin{array}{r} \$ 6,600 \text{ (highest average earnings up to } \$6,600) \\ \times \underline{0.009} \\ \$ 59.40 \end{array}$
Step 2	1.5% of Highest Average Earnings greater than \$6,600	$\begin{array}{r} \$ 40,000 \\ - \underline{6,600} \\ \$ 33,400 \\ \times \underline{.015} \\ \$ 501 \end{array}$
Step 3	Step 1 plus Step 2	$\begin{array}{r} \$ 59.40 \text{ (Step 1)} \\ + \underline{501.00} \text{ (Step 2)} \\ \$ 560.40 \end{array}$
Step 4	Step 3 times years of Credited Service	$\begin{array}{r} \$ 560.40 \text{ (Step 3)} \\ \times \underline{15} \text{ (years of credited service)} \\ \$ 8,406 \text{ (annual plan benefit)} \end{array}$
Step 5	1.5% of pay for years after 12/31/2014	

	Pensionable Pay	1.5% of Pensionable Pay
2015	\$42,000	\$630
2016	\$43,000	\$645
2017	\$44,000	\$660
Sum		\$1,935 annual plan benefit

Step 6	Step 4 plus Step 5	\$ 8,406 (Step 4)
		\$ 1,935 (Step 5)
		\$10,341 annual plan benefit

Monthly Pension payment of \$861.75 (annual plan benefit divided by 12)

MUST I RETIRE AT AGE 65?

No. You may continue to work, however, regardless of how long you remain employed, you must start to receive your benefit no later than April 1 of the calendar year following the later of the calendar year in which you terminate employment or the calendar year in which you attain age 70½.

WHAT HAPPENS IF MY EARNINGS INCREASE?

Since the benefit formula of the Plan is based, in part, on your earnings, any increase will tend to produce a higher retirement income.

IF I DIE AFTER I HAVE RETIRED, IS THERE ANY FURTHER PAYMENT OF BENEFITS?

Under the basic form of Normal Retirement income, there is no benefit payable upon your death once you have retired. The income is payable only during your lifetime. There may be a death benefit if you elect an optional form of benefit upon initial application.

DO I LOSE MY RETIREMENT INCOME IF I TAKE A JOB IN THE DIOCESE OR ELSEWHERE AFTER I RETIRE?

No. If you are re-employed in the Diocese for twenty or more hours per week, you may elect to continue your retirement payments or stop the payments. With either choice your retirement payment would be re-determined when you finally end employment with the Diocese. The new benefit would never be less than the prior benefit. Contact the Office of Human Resources if you are re-employed. If you work outside of the Diocese, your retirement payments are not impacted.

OPTIONS

WHAT IS AN OPTIONAL FORM OF RETIREMENT BENEFIT?

Under two of the options, a retiring participant has the opportunity to choose a somewhat lesser retirement income in order that his spouse, child or some other person may receive an income after his death, should the spouse, child or other person survive the participant.

HOW DO I CHOOSE AN OPTION?

During the year preceding retirement, you may request information from the Office of Human Resources which will provide detailed instructions concerning selection of an option.

WHAT IS A JOINT AND SURVIVOR ANNUITY OPTION?

You will receive a retirement income less than would be available under the normal form of payment. However, 100%, 75%, 50% or 33 1/3% of the reduced income as designated by you, will be continued after your death, to a person you have designated either a spouse or a child.

WHAT IS A TEN YEAR CERTAIN OPTION?

You will receive payment of slightly reduced retirement income for your lifetime but which is guaranteed for a period of ten years (120 months). For example, this means that should you die after receiving 60 retirement checks, an additional 60 retirement income installments would be continued to your surviving beneficiary. The income under this option is usually about 90% of that under the normal form.

WHAT IS A SOCIAL SECURITY LEVELING OPTION?

If you elect to retire under the Plan's Early Retirement provision, you will receive a level amount of retirement income before and after primary Social Security benefits begin. In other words, the allowance from the Plan would be greater before receipt of Social Security and less afterwards in order to produce the desired level amount of retirement income.

IF I AM RECEIVING RETIREMENT INCOME UNDER THE JOINT AND SURVIVOR ANNUITY OPTION, AND THE BENEFICIARY SHOULD DIE BEFORE I DO, AM I PERMITTED TO APPOINT ANOTHER BENEFICIARY?

No, because payments under this option are based on the combination of your life expectancy and the person you designated.

HOW CAN I FIND OUT WHAT MY BENEFITS WOULD BE UNDER THE OPTIONAL FORMS OF PAYMENT?

Upon written request, the Office of Human Resources will furnish this information to you prior to your anticipated retirement.