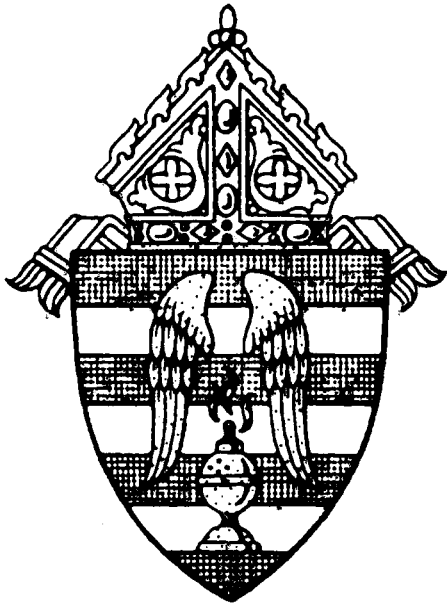


# Diocese of Gary

## Retirement Plan

### For Lay Employees



*Effective July 1, 1999*

## TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTION.....	1
<b>WHEN YOU ARE ELIGIBLE TO PARTICIPATE AND ACCRUE BENEFITS.....</b>	<b>2</b>
Participation.....	2
Vesting Service.....	2
Creditable Service.....	2-3
<b>CALCULATING YOUR BENEFIT.....</b>	<b>3</b>
Benefit Formula.....	3
Minimum Benefit.....	3-4
Illustration of Benefit Computation.....	4-5
<b>WHEN YOU CAN RECEIVE YOUR RETIREMENT ALLOWANCE.....</b>	<b>5</b>
Normal Retirement Allowance.....	5
Early Retirement Allowance.....	5-6
Optional Retirement Allowance.....	6
Disability Retirement Allowance.....	6
Vested Rights.....	6
<b>HOW YOUR RETIREMENT ALLOWANCE IS PAID.....</b>	<b>7</b>
Forms of Payment.....	7-8
Designating a Beneficiary.....	8
Death Benefits.....	8-9
Minor Child's Benefits.....	9
<b>HOW TO APPLY FOR BENEFITS.....</b>	<b>10</b>
Plan Administration.....	10
Statement of Retirement Allowance.....	10
Claims and Review Process.....	10
<b>CONDITIONS WHICH MAY AFFECT YOUR PENSION.....</b>	<b>11</b>
Termination of Plan.....	11
Non-Assignability of Plan Benefits.....	11
Non-Guarantee of Employment .....	11
<b>RETIREMENT ALLOWANCE COMMITTEE.....</b>	<b>11</b>
<b>DOCUMENT PLAN.....</b>	<b>11</b>
<b>TRUSTEE.....</b>	<b>11</b>

## INTRODUCTION

The purpose of the Retirement Plan for the Lay Employees of the Diocese of Gary, Indiana, is to provide retirement income for eligible employees. The Plan is intended to comply fully with the teachings of the Roman Catholic Church, including but not limited to its theology, canon law and traditions. These teachings govern any and all applications and interpretations of the Plan.

Your pension benefit is an important part of your total compensation today and a key to your financial security in the future. The Retirement Plan For the Lay Employees of the Diocese of Gary, Indiana works together with Social Security and your own personal savings to provide income to you during retirement.

After meeting certain eligibility and vesting requirements, you will receive regular monthly payments at retirement, calculated using a defined formula. The amount of your benefit will depend on your length of service, your income and your date of retirement.

This booklet, called a summary plan description, summarizes your benefits under the plan. It explains the plan's basic features and your rights as a plan participant. The plan document, which governs in the case of any discrepancy, is a legal document containing a full explanation of all the plan's features. If you have any questions about your retirement benefits, please contact the pension office at (219)769-9292.

## WHEN YOU ARE ELIGIBLE TO PARTICIPATE AND ACCRUE BENEFITS

### Participation

If you are a regular, full-time employee, you will become a participant in the plan as of the first day of the month following your first day of employment. A regular, full-time employee is any administrative, clerical, maintenance or other non-academic employee who works 30 hours or more each week and 40 weeks or more each year, and any academic employee who works for more than 5 months in any calendar year.

### Vesting Service

"Continuous Service" means the period of uninterrupted employment with the Diocese of Gary, Indiana used to determine if you are eligible to receive benefits from the plan. If you terminate your continuous service after completing 15 or more years of continuous service, you will be fully vested in your pension benefits. If you have completed at least 10 years of continuous service but less than 15, the vested portion of your pension benefits is a fraction the numerator of which is your months of continuous service and the denominator of which is 180.

Certain periods of absences will be counted as a part of your continuous service for vesting purposes. These are:

- service in the military to the extent required by Federal Law,
- summer breaks between academic years, provided you were a participant before the summer break,
- any approved absence from work,
- any period of absence which is less than the amount of time employed following reemployment.

### Creditable Service

"Creditable Service" is used to calculate the amount of monthly pension payments you are entitled to. You will receive creditable past service for your period of continuous service prior to January 1, 1967, including any period of absence counted for vesting purposes, except that if you were employed for less than 6 months in a calendar year, that period will not be counted. Any period of employment of at least 6 months will be credited as a full year of creditable past service. Effective July 1, 1999, fractions of a year will be calculated to the nearest whole month, provided, however, that a participant as of June 30, 1999, will have creditable past service determined by whichever method result in the largest amount of creditable past service.

You will receive **creditable future service** for your period of **continuous service** on and after January 1, 1967, including any approved absence from work, and the period of summer break between academic years, provided you were a participant before the summer break.

### CALCULATING YOUR BENEFIT

#### Benefit Formula

The plan is a "defined benefit" pension plan which means that the amount of your pension benefit will be determined by a pension formula. The formula below is used to calculate the monthly amount you will receive subject to adjustment for your vesting service. If you choose early retirement, your pension payments will be adjusted accordingly. The amount of pension for participants who retired before January 1, 1986, is determined in accordance with the plan provisions in effect on the date employment terminated.

1. 1.987% of annual rate of **past service compensation** times years of **creditable past service**, less any amount available from a retirement plan maintained by your employer before January 1, 1967,  

plus
2. 2.484% of total **future service compensation**.

*Past Service Compensation* - your annual earnings, as shown on your W-2 form, in your last 12-month period of **continuous service** prior to January 1, 1967. If you received room and board, your earnings will be increased by \$100.00 for each month in which you received the room and board.

*Future Service Compensation* - your total earnings which you earned during your entire period of **creditable future service** on and after January 1, 1967. If you received room and board prior to July 1, 1999, your earnings will be increased by at least \$100.00 for each month in which you received the room and board.

*Creditable Past and Future Service* - is described on pages 2 - 3.

*Vesting Service* - the vested portion of your benefit is described on page 2.

#### Minimum Benefit

If you have completed at least 15 years of **continuous service** and retire on or after your normal retirement age, you will be entitled to a minimum pension benefit of \$3,600.00 per year, or \$300.00 per month. If you have completed at least 10 years of **continuous service** but less than 15 when you retire on or after your normal retirement date, you will be entitled to an annual minimum pension benefit of \$3,600.00, multiplied by a fraction the numerator of which

is your months of **continuous service** but not to exceed 180 and the denominator of which is 180.

#### Illustration of Benefit Computation

To show how your normal retirement allowance is calculated, assume you retire in 1990 at age 65, with 2 years of **creditable past service** and 24 years of **creditable future service** with your salary history as follows:

<u>Year</u>	<u>Earnings</u>	<u>Year</u>	<u>Earnings</u>
1965	\$5,000	1978	\$ 9,700
1966	\$5,200	1979	\$10,100
1967	\$5,400	1980	\$10,700
1968	\$5,700	1981	\$11,300
1969	\$6,000	1982	\$12,200
1970	\$6,300	1983	\$13,300
1971	\$6,600	1984	\$14,400
1972	\$7,000	1985	\$15,100
1973	\$7,400	1986	\$16,300
1974	\$7,900	1987	\$17,400
1975	\$8,400	1988	\$18,300
1976	\$8,900	1989	\$19,200
1977	\$9,300	1990	\$20,000

First, determine your **past service compensation**. In this example, the amount for the last year prior to January 1, 1967 is \$5,200.

Second, determine your **future service compensation**. Your **future service compensation** is equal to the total sum of all of your earnings after January 1, 1967. The total in the example above is \$266,900.00.

Your annual payment would be figured in this way:

1) <b>Past Service Compensation</b>	\$5,200.00	
times 1.987%	<u>x .01987</u>	
	\$103.32	
times creditable past service	<u>x 2</u>	Past Service
	\$206.64	Benefit
	plus	+
2) <b>Future Service Compensation</b>	\$266,900.00	
times 2.484%	<u>x .02484</u>	Future Service
	\$6,629.80	Benefit

TOTAL ANNUAL PAYMENT	\$6,836.44	
	<u>      x 1/12</u>	Past & Future
Monthly Payment	\$ 569.70	Service Benefit

**WHEN YOU CAN RECEIVE  
YOUR RETIREMENT ALLOWANCE**

After meeting the requirements stated below, you can choose the time you would like your monthly retirement allowance to begin.

**Normal Retirement Allowance**

A normal retirement allowance is payable each month for life when you retire on your "normal retirement age" which you will reach on your 65th birthday. Your monthly benefit will begin on the first day of the calendar month following your retirement on or after age 65, or the first day of the month following the end of the academic year in which your 65th birthday falls.

**Early Retirement Allowance**

You may choose to retire early any time after you reach age 55 before reaching age 65.

If you choose early retirement you can:

- 1) wait and begin to receive an unreduced pension benefit on your normal retirement date (though you will have less Creditable Service computed in your pension formula than if you had worked until normal retirement); or
- 2) elect to have payments begin the month following your early retirement (or any later month) and receive a reduced pension benefit, discounted to reflect the extra time your benefit is expected to be payable.

The reduced pension benefit is discounted from the amount you would have received had you retired on your normal retirement date. To determine the amount payable to you if you elect to have payments begin early, first determine the amount of your benefit under the formula explained above, then multiply that amount by the reduction factors below based on your age when payments begin.

<u>Age</u>	<u>Factor</u>	<u>Age</u>	<u>Factor</u>
64	.933	59	.633
63	.867	58	.600
62	.800	57	.567
61	.733	56	.533
60	.667	55	.500

**Optional Retirement Allowance**

If you choose to retire later than your normal retirement age you will continue accruing years of **creditable service** until your date of actual retirement. Your retirement allowance payments will not begin until you actually retire.

The amount of the monthly payment that you will receive upon your retirement will reflect the additional **creditable service** you accumulate and any salary increases after your normal retirement age. You will begin receiving your retirement allowance payments on the first day of the month following the date you terminate employment.

**Disability Retirement Allowance**

If you become totally and permanently disabled after 10 years of **continuous service** and you qualify for a Social Security disability benefit, you will be entitled to a retirement allowance computed in the manner described in the Section titled "Calculating Your Benefit". The disability retirement allowance will begin on the first day of the month following the date you qualify for a Social Security disability benefit.

**Vested Rights**

If you terminate your employment after ten or more years of **continuous service** but before your 55th birthday, you will be entitled to receive a retirement allowance upon reaching your normal retirement age computed in the manner described in the Section titled "Calculating Your Benefit". Your payments will begin in the month following your 65th birthday provided you file a written application with proof of your age, prior to this date.

However, you may instead elect to receive your payments early, on the first day of any month within the 10-year period before your 65th birthday after providing the Committee with a notice. Early payments will be reduced according to the early retirement provisions described above.

## HOW YOUR RETIREMENT ALLOWANCE IS PAID

Whatever form of payment you receive, the amount will be an equivalent value of your normal retirement pension. In most instances, your pension will be payable as an annuity. An "annuity" provides a series of monthly payments throughout your lifetime. Some annuities provide continuing payments to your spouse after your death.

The plan offers several different forms of annuity payments which differ in amount and duration. Your pension will be automatically paid to you in "normal form" unless you elect one of the optional forms. If you need more specific information about a particular form, please contact the pension office at (219)769-9292.

### Forms of Payment

If you retire on your normal retirement date, you may choose an optional form of payment. Unless you elect an optional form as described below, your pension will be paid to you as a **Single-Life Annuity** which provides equal monthly payments to you for your lifetime, beginning on your normal retirement date and ending the month preceding your date of death. You may not choose an optional form of payment, however, if the amount payable under the election is less than \$20.00 per month.

### *Normal Retirement*

#### Option A

A 100% Joint and Survivor Annuity provides reduced monthly payments to you for your lifetime, and if your spouse outlives you, he or she will receive monthly benefit payments equal to 100% of the amount you had been receiving for the remainder of his or her lifetime. For example, assume you retire at age 65 and have a spouse age 62. Also assume your monthly normal retirement allowance is \$569.70, as in the example above, and you have chosen the 100% Joint and Survivor Option. The monthly amount to you would be \$438.67 (.77% x 569.70) and the same monthly amount would go to your spouse, if he or she survives you.

#### Option B

A 50% Joint and Survivor Annuity provides reduced monthly payments to you for your lifetime, and if your spouse outlives you, he or she will receive monthly benefit payments equal to 50% of the amount you had been

receiving for the remainder of his or her lifetime. In using the same example as above, except that you have chosen the 50% Joint Survivor Option, the monthly amount to you would be \$495.64 (.87% x 569.70) and your spouse would receive \$247.82 of this amount (50% of \$495.64), if he or she survives you.

### *Early Retirement Options*

If you retire early, you may choose one of the following options:

- A level income retirement allowance which provides you with equal payments throughout your entire period of retirement.
- An adjusted retirement allowance which provides a higher amount of payments prior to age 62 and a lower amount of payments after, so that the sum of your retirement allowance under the Retirement Plan For the Lay Employees of the Diocese of Gary plus your Social Security benefit remains relatively constant over your years of retirement.

### *Vested Rights*

If you separate from service before age 55 but after ten or more years of **continuous service**, you will receive a **Single-Life Annuity** which provides equal monthly payments to you for your lifetime, beginning no sooner than your early retirement date and ending the month preceding your date of death.

### Designating a Beneficiary

If you choose option A or B, your beneficiary must be your spouse.

You should make your election in writing, on forms provided to you by the Committee, at any time prior to your normal retirement date. You may revoke your election at any time before retirement benefits commence and make a new election, but such election may not be revoked after retirement benefits commence.

If your spouse dies before the time benefit payments commence, the option you chose will be canceled and you will receive the Single-Life Annuity explained above.

### Death Benefits

If you die before your normal retirement date in active service after 10 years of **continuous service**, and have a spouse on your date of death, your spouse will receive a surviving spouse benefit equal to 50% of the amount of

normal retirement allowance computed in the manner described in the Section titled "Calculating Your Benefit". The surviving spouse benefit is payable the first of the month following your date of death.

If you die on or after your normal retirement date but before payments begin, the option you chose will begin just as if you had commenced receiving your reduced payments the first of the month preceding your date of death.

#### Minor Child's Benefits

If you die before your normal retirement date in active service after 10 years of **continuous service** and have a child or children under age 18, the child or children will receive a minor child's benefit equal to 50 % of the amount of normal retirement allowance computed in the manner described in the Section titled "Calculating Your Benefit". If there is more than one minor child, the benefit will be split equally among the children under age 18. The minor child's benefit is payable the first of the month following your date of death and will end with the month preceding the eighteenth birthday of the youngest child.

## HOW TO APPLY FOR BENEFITS

### Plan Administration

Listed below are the functions performed by the groups who administer the plan:

- Diocese of Gary** through the Bishop, the Diocese has sole authority to appoint and remove the Committee and Trustee, and to amend or terminate the plan and trust agreement.
- The Committee** determines all questions arising in the administration, interpretation and application of the plan.
- The Trustee** invests the plan assets, keeps statements of trust transactions, collects income and principal for the fund, and has custody of trust assets.

### Statement of Retirement Allowance

When you retire or terminate your employment with vested rights, you will receive a statement explaining the amount as well as the date your retirement allowance will begin.

### Claims and Review Process

The Committee determines the right of any person to a benefit pursuant to the plan. A plan document is available for your inspection. To apply for your benefits, you or your spouse must complete the appropriate forms provided by the Committee. It is your responsibility to make sure the Diocese of Gary always has your current address so that necessary communication and benefit checks will reach you.

If the Committee decides that you are not eligible for a benefit, you will receive a written explanation of the Committee's decision. The explanation will refer you to applicable provisions of the plan document or other relevant records or papers. The Committee will explain how you can have the decision reconsidered.

Should you disagree about your eligibility or benefit amount, you may request a review and hearing. The Committee will provide a full and fair hearing and the resulting decision, written in clear, understandable language, will be issued after your request.

## **CONDITIONS WHICH MAY AFFECT YOUR PENSION**

### **Termination of Plan**

The Diocese of Gary expects to continue the plan indefinitely, but reserves the right to amend, suspend or terminate the plan at any time. If the plan is terminated, your entire accrued benefit will be fully vested even if you complete less than fifteen years of continuous service.

### **Non-Assignability of Plan Benefits**

No benefits under this plan may be assigned or transferred by you or any other person entitled to benefits.

### **Non-Guarantee of Employment**

Your participation in this plan does not guarantee your continued employment with the Diocese. If you quit, are discharged or laid off, this plan does not give you a right to any benefit or interest in the plan except as specifically provided in the plan document.

## **RETIREMENT ALLOWANCE COMMITTEE**

If you wish to contact the Retirement Allowance Committee in writing you may call the Benefits Office at the Pastoral Center (219)769-9292 for a current list of the Committee members and their addresses.

## **DOCUMENT PLAN**

A complete plan document is available upon request from the Benefits Office at the Pastoral Center.

## **TRUSTEE**

State Street Bank and Trust Company  
1 Enterprise Drive  
North Quincy, Massachusetts 02171-2197