



## FREQUENTLY ASKED QUESTIONS Defined Benefit Lay Pension Plan

The following list of frequently asked questions is intended to answer many of the inquiries you might have about the **Defined Benefit Lay Pension Plan** (the “Plan”) and the decision to freeze the “Plan” and replaced it with a **Defined Contribution Retirement Plan** (“DC Plan”). If there is a difference between any information presented below and the Plan document, the Plan document will govern.

### ***1. When was the Defined Benefit Lay Pension Plan Frozen?***

The Diocesan Defined Benefit Lay Pension Plan was “frozen” effective June 30, 2014.

### ***2. Why was it frozen?***

The need to freeze the plan was driven by the high amount of the unfunded pension liability as of June 30, 2013 and the high contribution rate the entities’ (parish/school, etc.) were paying which was a hardship to many of them. The unfunded pension liability exceeded Defined Benefit Lay Pension Plan assets and could have grown due to reasons completely beyond the control of the Diocese.

### ***3. What does this mean?***

Your pension benefit was determined as of the freeze date. This amount remains unchanged regardless of future pay increases or length of service.

### ***4. Did I lose any accrued benefits?***

No, your pension benefit earned through the freeze date was not reduced nor eliminated as a result of this change.

### ***5. What are the vested requirements for the Defined Benefit Lay Pension Plan?***

You become fully vested if your hire date is on or prior to June 1, 2014 *and* in one of the following ways:

- By completing five years of credited service at a Diocesan entity while working 20 or more hours per week, or
- If the sum of your age plus services equals 55 or more while you are employed at a Diocesan entity.

Service after the freeze date will count for vesting purposes.

### ***6. What does it mean to be “vested”?***

To be “vested” refers to your right to receive accrued pension benefit in the ways explained in question 5.

### ***7. I am still an active employee and vested in the Defined Benefit Lay Pension Plan; do I need to take any action?***

You do not need to take any action. At your separation from service you will receive an application from the plan administrator, Pension Services, to process payment of your benefit as indicated on the plan document

### ***8. I am no longer working at a Diocesan entity, but think I am owed a pension. What does this mean to me?***

You must have worked for a Diocesan entity for five full years or the sum of your age plus your years of service equals 55 in order to be vested in the Defined Benefit Lay Pension Plan.

If you are vested in the Plan and no longer working for a Diocesan entity, there will be no change or reduction to the benefit you have earned. If you are unsure as to your vesting status, please call the Benefits Office at (707) 566-3349.

**9. Do I have the option to start receiving my pension benefits when I decide since the plan is frozen?**

The plan freeze does not change any rules related to when an individual may begin receiving pension benefits. The Defined Benefit Lay Pension Plan allows for former employees to commence their pension at age 65. Alternatively, you can retire early with a reduced pension if you are at least age 55 when you stop working for a Diocesan entity and you have completed at least 10 years of service with the Diocese.

**10. How can I find out the value of my pension benefit?**

Your pension benefit is calculated based on the plan formula, which uses your years of service and compensation history. After the freeze date of June 30, 2014, if you were an active employee, you received an official, final pension statement, which reflects your service, compensation history and *final* accrued pension benefit through the freeze date. If you need to obtain another copy, please contact the Benefits Office at (707) 566-3349.

**11. I meet the requirements to start receiving pension benefits. How do I begin doing so?**

If you are a former employee, contact the Benefits Office, (707)566-3349, *at least 60 days* prior to your anticipated retirement date.

If you are a current active employee, notify your entity's benefits administrator who will complete the Lay Employee Action Form to forward to the Benefits Office.

In both cases you will be asked to review and sign the data verification application, and provide proof of your age. If you are currently married, you will also need to provide proof of your spouse's age and a copy of your marriage certificate.

**12. I worked at more than one Diocesan entity prior to the freeze date. Does my combined service count toward my pension benefit?**

If your combined worked service at the various entities was 20 or more hours per week with five years of credited service as defined by the Plan document, you are eligible to accrue a pension benefit.

**13. I stopped working at a Diocesan entity before June 30, 2014. Did I lose my pension benefit?**

No, your eligibility for a pension benefit and the value of that benefit will be determined based on the final date of your employment.

**14. Am I able to take my accrued benefit under the Defined Benefit Lay Pension Plan as a lump sum and forego a future pension benefit when I retire?**

The plan document only allows lump sum payments of accrued benefit with a value of \$15,000 or less at the time of retirement. The Diocese may investigate a possibility of increasing the value limit in the future.

**15. Is my accrued pension benefit at risk? How is it protected?**

The Diocese continues to make contributions to the Defined Benefit Lay Pension Plan with the funds collected from its entities in order to fund all benefits accrued through the freeze date. The funds for this plan are held by the Plan's trustee, BNY Mellon. The funds in the trust *can only be used* for their stated pension purpose.

**16. Why can't I take my money now so it will be invested?**

The plan's funds are held in an aggregate account and are invested by an institutional investment manager. The trust fund is held in the pension plan's name, not your name. The Trustee cannot pay out funds except as provided by the plan. No funds may be withdrawn by the employee until the employee is eligible for a benefit payment.

**17. Will a market downfall impact my pension?**

The market has no direct impact on your pension amount, since your pension plan benefit is based on a formula using completed years of service and compensation. The Diocese bears the investment risk and is required to fund the plan at a level necessary to continue the benefits.

**18. How long will I receive pension payments for?**

- If you are not married at retirement, your normal form of payment will be a life annuity with 120 monthly payments (10 years) certain. If you die before receiving 120 monthly payments, the remaining installments are payable to your minor children or, if you have no minor children to your designated beneficiary.
- If you are married at retirement, your normal form of payment will be a life annuity with 120 monthly payments (10 years) certain and 50% surviving spouse benefit. If you die after the 120<sup>th</sup> payment, your spouse will receive a lifetime benefit equal to 50% of the benefit you were being paid. Note: to be eligible for a surviving spouse's pension, your spouse must be continuously married to you from the date payment of your pension benefit starts until the date of your death. If you marry, or remarry, after payment of your pension benefit has started, your spouse will not qualify for the surviving spouse's pension.

**19. What if I die before I begin collecting my pension benefit?**

If you die before the start of your pension benefit payments, your benefit will be paid as follows:

- If you are not married, your benefit of 120 monthly payments certain is payable to your minor children or, if you have no minor children, to your designated beneficiary.
- If you are married, your surviving spouse will receive your 120 payments certain followed by 50% surviving spouse life annuity.

**20. How do I update my Beneficiary Designation?**

To update your Beneficiary Designation, download the form of the Diocesan website: [www.SRdiocese.org](http://www.SRdiocese.org) under Offices/Administration/Links/Lay Employee Benefits/Define Benefit Lay Pension Plan. Print, complete and mail the form to Attn: Benefits Office, Diocese of Santa Rosa, P.O. Box 1297, Santa Rosa, CA 95402

**21. I have additional questions, where else can I get more information?**

If you need additional information, you can access the Plan Document at [www.SRdiocese.org](http://www.SRdiocese.org), or Contact the Benefits Coordinator, Rachael de la O at [rdelao@srdiocese.org](mailto:rdelao@srdiocese.org).

**22. What is the retirement benefit that replaced the Defined Benefit Lay Pension Benefit after the freeze date? And where do I find information about it?**

Effective July 1, 2014 the Diocese provides retirement benefits through a Defined Contribution Plan (DC Plan) for eligible employees. Individual accounts are held at One America, founded by American United Life Insurance Company. For information on the Defined Contribution Plan log onto [www.SRdiocese.org](http://www.SRdiocese.org) or inquire to the Human Resources Director at your entity about it.