



DIOCESE *of* LA CROSSE
OFFICE FOR COMMUNICATIONS / PUBLIC RELATIONS

March 7, 2018

STATEMENT REGARDING LAY RETIREMENT PLAN

The Lay Retirement Plan for the Diocese of La Crosse was begun in 1974. It covered all eligible lay employees of the Diocese of La Crosse. The plan was entirely funded by employer contributions and did not allow for any employee contributions. The intention of the plan was to provide assistance to covered employees in financial preparation for their retirement. In 2007, and after careful consideration, this employer funded plan was frozen, meaning that no new employees would be offered this benefit and current employees would not accrue new benefits from this plan. Simultaneously to the freezing of the 1974 plan and in keeping with the financial times of 2007, the Diocese of La Crosse offered a 403B plan to our employees, allowing more flexibility and control by our employees.

The Lay Retirement Plan is actively providing assistance to our retired past employees, and is holding monies for those who are not retired and have worked during the time it was active.

After much analysis and upon the recommendation of the Diocesan Finance Council (made up of both clergy and lay representatives) and in consultation with the Newport Group, the actuarial and consulting services provider for the plan, it was recommended that the best option for all covered employees was to use the present fund balance to pay out each individual in the Lay Retirement Fund, reducing their risk of future volatility of payouts from the plan while allowing them to roll their monies into another plan. Since its freezing, the plan has worked hard to maintain a reasonable funded ratio. While the values fluctuate daily, we anticipate the payouts at plan termination to be in the mid-90% range of the plan's total *actuarially equivalent* value of benefits. Notice has been given to all plan participants, alerting them of the recommendation and allowing them time to plan how to roll over their one-time single sum payment into a suitable replacement.

The decision to pay out to each individual in the Lay Employees' Retirement fund, rather than continue to work with a financial model of 1974, was influenced by the current

favorable market conditions and trends of other similar plans which have shown substantial risk of significant loss of fund ratio. By providing the single-payment to each individual, each person can determine the best way to invest or use the proceeds as they see fit. For many in the plan it will be a payout that they can use to provide for themselves, for their children or grandchildren. As with any decision of this nature, there was a lot of discussion, analysis and prayers that went into determining how to best manage this in order to provide everyone in the plan with a significant benefit.

The Diocese of La Crosse acknowledges that some may view the decision to be one denying them a promise, and the Diocese hears and recognizes those feelings. As has been witnessed by both religious organizations and private businesses alike, due to market volatility, many employees have found themselves without the support of the retirement funds that they had planned to receive; the Diocese has made a decision in order to avoid that distress and best preserve all employees' retirement funds. The Diocese acknowledges its commitment to its employees and is best delivering on its obligations to all those who have served in its parishes and schools.

At all times the difficult decision was driven by the Diocese's desire to protect as best it can the assets of each of the participating members.

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