
**The Roman Catholic Church of the Diocese of Phoenix
Human Resources Policies and Procedures**

Policy 2-7.1.15 Lay Employee Benefits

The Diocese of Phoenix strives to provide equitable and cost effective benefits for employees. The current benefits provided by the Diocese of Phoenix cover a broad range, including holidays, vacations, sick leave, various types of paid and unpaid leaves of absences, insurance and other plans. The Diocese of Phoenix provides or subsidizes some of these benefits. Others are available at employee expense. When an employee transfers employment between Diocese of Phoenix locations (Diocesan Pastoral Center, parishes, Catholic schools, Kino Institute, Catholic Cemeteries, Mount Claret Center, Newman Centers, Catholic Charities, and Catholic Tuition Organization), the entitlement to accrual and transfer of certain benefits eligibility will carry over to the new employer.

The Central Administration of the Diocese of Phoenix reserves the right to design provisions and to add, eliminate, or in other ways modify any discretionary benefits described herein. Under most circumstances, there will be ample opportunity to provide employees with advance notice of such modifications, and to consider the effect of the decision.

Procedures:

The following employees are entitled to benefits:

1. Regular full-time employees;
2. Regular part-time employees and regular full-time employees who subsequently become regular part-time employees without any break in continuous service, who were hired on or before June 30, 2001, and who work at least 20 hours per week;
3. Regular part-time employees hired on or after July 1, 2001 who work at least 30 hours per week.

If an employee has an approved employment arrangement with two or more Diocese of Phoenix employers, duplication of the full compensation package is not permitted. The primary employer (the first to initially hire the employee) is responsible for the payment of insurance premiums, unless other arrangements are made with the Diocese of Phoenix Human Resources Office and the other Diocese of Phoenix employer(s). Life insurance coverage for the employee will be based on the combined salaries paid by all Diocese of Phoenix employers.

Sick leave, vacation leave, and holidays should be prorated based upon the number of hours the employee regularly works each week.

Temporary employees and other part-time employees are only eligible for prorated holiday pay and statutory benefits.

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Listed below is an overview of the benefits currently provided or subsidized by the Diocese of Phoenix, and those available at employee expense. A copy of the Diocese of Phoenix Employee Benefits Overview should be given to all eligible employees. Copies of the Overview, summary plan descriptions, and specific information regarding eligibility, coverage, exclusions and procedures for use are available from the Diocese of Phoenix Human Resources Office.

OVERVIEW OF BENEFITS

I. BENEFITS SUBSIDIZED BY THE DIOCESE OF PHOENIX

A. Paid Time Off

1. Holidays

The Central Administration of the Diocese of Phoenix recognizes and observes certain days of religious and historical importance and pays employees holiday pay for time off on these days. Employees who would normally be scheduled to work but are given the time off on the days listed below will receive a regular day's pay:

New Year's Day
Martin Luther King Day
President's Day
Good Friday
Easter Monday
Memorial Day
Independence Day
Labor Day
Thanksgiving Day
Friday following Thanksgiving Day
Christmas Day

(Dates may be adjusted depending on needs of the Diocese of Phoenix parish, Catholic school, Catholic Cemetery, Mount Claret Center, or Newman Center. See Item 3 regarding the Holiday policy for non-teaching Catholic School employees.)

Employees required to work on a holiday should be given another day off in the same pay period.

All Diocese of Phoenix regular and temporary employees are eligible to receive holiday pay. If a recognized holiday occurs during an employee's vacation leave period, the holiday should be paid as such and not counted as a vacation day.

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To be eligible for holiday pay, an employee is required to work the full scheduled workday preceding and following the holiday. A day of vacation or any other pre-approved excused day is considered a day worked for the purpose of holiday pay eligibility.

If a holiday falls on Saturday or Sunday and is observed in the local community on either Friday or Monday, the Diocese of Phoenix will observe the holiday in the same manner.

2. Vacation

Vacation leave is either fully credited (grant method) at the beginning of the vacation year or is accrued (accrual method) on a monthly basis, in accordance with established procedures at the particular Diocese of Phoenix location. Vacation leave eligibility is calculated from the initial date of employment or re-employment as a regular employee.

a. Entitlement

YEARS OF SERVICE	VACATION LEAVE*
First through fourth	10 work days
Fifth through ninth	15 work days
Tenth and over	20 work days

* Based on full-time employment. Part-time employment will be prorated.

b. Grant Method (used at Diocesan Pastoral Center)

The vacation year is the fiscal period from July 1 through June 30. All vacation leave, except for that applicable to a newly hired employee, or an employee who is on short-term disability benefits, is fully credited on July 1 based upon the employee's years of service on that date and is for the employee's use during that vacation year except as indicated below.

A newly hired employee is credited with prorated vacation leave after 90 days of employment. The formula for prorating is 10 days times the number of full months of the vacation year remaining after the completion of 90 days of employment divided by 12, rounded up to the nearest full day. The calculated vacation leave is fully credited on the 91st day of employment.

An employee on short-term disability benefits is credited with prorated vacation leave when the employee returns to work. The formula for prorating is the number of days of vacation leave to which the employee is entitled

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times the number of full months remaining in the vacation year divided by 12, rounded to the nearest full day.

If a service anniversary that would entitle the employee to additional vacation leave occurs anytime during the period from July 1 through December 31, the additional vacation entitlement is credited prospectively on July 1 of the current vacation year. If the employee's employment terminates prior to the actual service anniversary date, the employee is required to reimburse the Diocese of Phoenix for any of this additional time taken before the actual service anniversary date.

Additional vacation leave entitlement as the result of a service anniversary that occurs during the period from January 1 through June 30 is credited on July 1 of the next vacation year.

With proper approval, all vacation time can be used any time during the vacation year.

A maximum of five days of unused credited vacation leave may be carried over into the next vacation year. Any unused credited vacation in excess of five days is forfeited.

When an employee transfers employment between Diocese of Phoenix locations (Diocesan Pastoral Center, parishes, Catholic schools, Catholic Cemeteries, Mount Claret Center, Newman Centers) the Diocese of Phoenix location from which the employee is transferring must pay the employee all unused credited vacation leave.

Upon termination of employment (voluntary, involuntary or retirement), all unused credited vacation leave is paid to the employee.

c. Accrual Method

The vacation year is normally January 1 through December 31. Vacation leave time is accrued on a monthly basis and computed from the initial date of employment or re-employment as a regular employee.

A newly hired employee is eligible for accrued vacation leave after 90 days of employment.

Vacation leave is accrued during any period the employee is paid by the employer. This includes any employer-paid leave time (e.g., vacation or sick leave). Vacation leave time is not accrued during any period the employee is not paid by the employer (even though the employee may receive benefits

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from one of the Diocese of Phoenix insurance providers; e.g., short-term disability benefits.)

A maximum of five days of unused vacation leave may be carried over into the next vacation year. Any unused accrued vacation in excess of five days is forfeited.

When an employee transfers employment between Diocese of Phoenix locations (Diocesan Pastoral Center, parishes, Catholic schools, Catholic Cemeteries, Mount Claret Center, Newman Centers) the Diocese of Phoenix location from which the employee is transferring must pay the employee all unused credited vacation leave.

Upon termination of employment (voluntary, involuntary or retirement), all unused accrued vacation leave is paid to the employee.

3. Holidays and Vacation Leave – Non-teaching Catholic School Employees

a. Procedures

An hourly or salaried employee is paid for the following 7 holidays if school is closed and the employee is normally scheduled to work on that day:

Labor Day
Veteran's Day (if taken as a school holiday)
Thanksgiving and the day after
Martin Luther King Jr. Day
President's Day
Memorial Day

These holidays are subject to change and are listed in the Handbook of Policies and Regulations for Catholic Schools.

A ten-month employee does not receive paid vacation leave.

There are two categories of twelve-month employees;

A 12A employee is hired on a 12 month basis (8 hours per day). Non-duty days during the student school calendar are the same as the teaching staff. All other days in the fiscal year are work days except earned vacation. The employee receives vacation in accordance with the lay employee vacation leave.

A 12B employee is hired on a 12 month basis (8 hours per day). The employee works all days in fiscal years except diocesan holidays and earned

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vacation. The employee receives vacation in accordance with the lay employee vacation leave.

4. Sick Leave

Sick leave is either fully credited at the beginning of the sick leave year (grant method) or is accrued on a monthly basis (accrual method), in accordance with established procedure at the particular Diocese of Phoenix location. A maximum of six sick leave days are credited each year.

Sick Leave days can be used as excused time off with pay for:

1. Personal illness or injury;
2. Illness or injury of an immediate family member (spouse, parent, son, daughter, brother, sister, grandparent, and in-laws).

With proper approval, a maximum of two sick leave days can be used each year as personal days.

A maximum of 30 days (240 hours) of unused sick leave may be accumulated. An employee who was previously "grandfathered" with a sick leave balance greater than 30 days will not have any additional sick leave credited until the employee's balance decreases to 30 days.

An employee who transfers employment between any Diocese of Phoenix locations (Diocesan Pastoral Center, parish, Catholic school, Catholic Cemetery, Mount Claret Center, or Newman Center) can transfer a maximum of 30 days of sick leave.

Sick leave days cannot be used to compensate an employee entitled to Worker's Compensation benefits due to an injury or illness experience in connection with employment.

An employee returning to work after an illness of more than three days or surgery must provide a release from a health care provider.

Upon termination of employment (voluntary, involuntary or retirement), any unused sick leave is forfeited.

a. Grant Method (used at Diocesan Pastoral Center)

The sick leave year is the fiscal period from July 1 through June 30. All six sick leave days, except for those applicable to a newly hired employee, are credited on July 1.

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A newly hired employee is eligible for prorated sick leave after 90 days of employment. The formula for prorating is 6 days times the number of full months of the sick leave year remaining after the completion of 90 days of employment divided by 12, rounded up to the nearest full day. The calculated sick leave is granted and vested and on the 91st day of employment.

With proper approval, all sick leave days can be used anytime during the sick leave year.

For an employee who has attained the maximum of 30 days of accumulated sick leave days, the six sick leave days for the current sick leave year are conditionally credited on July 1 and can be utilized during the current sick leave year as sick or personal days. This helps preserve the employee's 30 accumulated sick leave days. If the conditionally credited sick leave days are not used, no additional accumulation occurs and the balance remains at 30.

b. Accrual Method

The sick leave year is normally January 1 through December 31. Sick Leave is accrued on a monthly basis at the rate of one-half day per month and is computed from the initial date of employment or re-employment as a regular employee.

A newly hired employee is eligible for sick leave after completing 90 days of employment.

Sick leave is accrued during any period the employee is paid by the employer. This includes any employer-paid leave (e.g. vacation or sick leave). Sick leave is not accrued during any period the employee is not paid by the employer (even though the employee may receive benefits from one of the Diocese of Phoenix insurance providers, e.g. short-term disability benefits).

For the employee who has attained the maximum of 30 days of accumulated sick leave, additional sick leave will be conditionally accrued up to a maximum of six days per year and can be utilized during the current sick leave year as sick or personal days. If the conditionally accrued sick leave is not used, no additional accumulation occurs and the balance remains at 30.

5. Bereavement

If a death occurs in the employee's immediate family (spouse, parent, brother, sister, child, grandparent, grandchild, and the corresponding in-law relationships or relative residing under the same roof), the employee may be authorized to take up to five days absence with pay. One day of paid leave may be granted for the employee in the event of a death of a relative outside of the immediate family

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if approved in advance by the supervisor. If the employee requires more than the time authorized, an unpaid leave of absence or earned/accrued vacation time may be requested.

6. Jury Duty/Witness Service

An employee required to serve on a jury or served with a subpoena to appear and testify in court as a witness will be excused when court services conflict with working hours. The employee will be paid full wages for the first 30 days of such service each year. The employee must reimburse the appropriate Diocese of Phoenix parish, Catholic school, Catholic Cemetery, Mount Claret Center, Newman Center, or Diocesan Pastoral Center the amount of any jury duty or witness service compensation when received. It is the employee's responsibility to advise the Court that jury duty or witness service in excess of 30 days per year is unpaid.

7. Voting

Employees may be granted up to two hours off with pay to vote in official civil elections if the voting time schedule conflicts with normal work hours.

8. Insurance Programs

a. Medical Care Plan

Each eligible employee is provided with the opportunity to participate in the Diocese of Phoenix group health insurance plan. Health insurance coverage becomes effective the first day of the month following 30 days of employment, and is terminated the last day of the month in which active employment terminated.

Note: In Catholic schools, teachers' coverage extends through the summer months if the teacher is under employment contract for the following school year.

b. Vision Care Plan

Vision care is included in the medical care plan.

c. Dental Care Plan

All employees eligible to participate in the medical care plan and their eligible dependents are also eligible for dental care plan coverage upon completing an application for participation. Dental plan coverage becomes effective on

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the first day of the month following 30 days of employment, and it terminates the last day of the month in which active employment terminates.

d. Life Insurance

All employees eligible for the group medical care insurance plan coverage are also eligible for life insurance coverage of \$15,000 or one time the employee's annual salary, whichever is greater. This coverage is reduced by 50% when the employee reaches age 70. Life insurance becomes effective on the first day of the month following 30 days of employment, and terminates the last of the month in which active employment terminates.

e. Accidental Death and Dismemberment/Disability (AD&D)

Each employee who participates in the group life insurance plan is automatically covered for AD&D while covered by the plan.

f. Short-term Disability

A new employee is initially eligible for short-term disability insurance participation on the first day of the month following 180 days of employment. Employees become eligible for short-term disability benefits after seven calendar days from the onset of the illness or injury, or after all accumulated sick leave has been used, whichever comes later. This benefit continues until the employee returns to work, or through the 26th week from the date of disability, whichever comes first. Pregnancy and/or pregnancy related conditions are considered the same as any other illness or injury.

g. Workers' Compensation

All employees of the Diocese of Phoenix are covered by Workers' Compensation Insurance as regulated by the Arizona Division of Occupational Safety and Health.

9. Lay Employees' Retirement Plan (Pension)

The Diocese of Phoenix provides a defined benefit pension plan for all regular lay employees. The pension plan is fully funded by the Diocese of Phoenix and is designed to supplement the lay employee's social security benefits. An employee is eligible for participation after completing one year of service during which 1,000 hours are actually worked. Employees are eligible to benefit from the plan following a five-year vesting period.

10. 401(k) Retirement Savings Plan

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An employee with a year or more of service who works 1000 hours or more in a plan year is eligible to join the 401(k) plan. Once the employee joins the 401(k) plan, they can continue in the plan if they fall below 1000 hours of work in a subsequent plan year. A discretionary employer match is included in this plan.

11. Other

Diocese of Phoenix employees are covered under the Federal Social Security Program and the State Unemployment Fund.

II. BENEFITS AVAILABLE AT EMPLOYEE EXPENSE

A. Leaves of Absence

Several types of unpaid leaves of absence are available for eligible employees. The types of leaves are: personal/general leaves, leaves covered by the Family and Medical Leave Act, and the Arizona Victim Leave Law. Military leaves of absence are covered by USERRA rules. A leave of absence without pay may be authorized when it is necessary to help alleviate difficult situations or in instances where unusual or unavoidable circumstances require prolonged absence. All leaves of absence are provided without pay.

In most cases, the period that an employee is on an approved leave of absence is not considered time worked for purposes of determining eligibility for, or the amount of certain benefits such as vacation, sick leave and pension benefits. If a paid holiday falls within the period of an employee's leave of absence, the employee will not be eligible for holiday pay.

1. Personal/General Leave of Absence

A personal/general leave of absence may be granted to regular, full-time employees who have no available vacation time. The length of the leave may range from ten (10) to thirty (30) consecutive calendar days. To be eligible, the employee must have maintained a satisfactory record of employment with the Diocese of Phoenix for a minimum of one year.

2. Family and Medical Leave Act

Employees who have worked for the Diocese of Phoenix for 12 months or more and have worked at least 1,250 hours in the preceding 12-month period (an average of 24 hours per week), are eligible to request family leave under the Family and Medical Leave Act (FMLA). Family leave of up to 12 weeks is available for the following reasons: the birth and care for an employee's child and/or adoption or foster care placement, to care for an immediate family member with a serious health condition as defined by FMLA, or to take medical

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leave when the employee is unable to work because of a serious health condition as defined by FMLA. Employees who are eligible are allowed up to 12 weeks of FMLA leave during a one-year period commencing on the first day of the leave. At the employee's option, vacation leave may be utilized as part of the 12-week family leave in all cases other than the employee's serious health condition in which case available sick leave days will be used first. FMLA leave is otherwise unpaid. An employee may be placed on FMLA leave either through their own application or by the employer. Special provisions apply to elementary and secondary school instructional staff.

Intermittent and reduced schedule leave are only mandated for serious health conditions and only if such leave is medically necessary. Employees may take FMLA leave on an intermittent or reduced schedule basis if medically necessary, which means taking leave in blocks of time, or by reducing their normal or weekly work schedules. Exempt employees who work partial days due to intermittent or reduced schedule leave may have their salary reduced for the shortest period of time available under the payroll system.

An employee requesting FMLA must complete a request form that is available from the Diocesan Human Resources Office. Appropriate medical certification completed by the health care provider will also be required in all cases where leave has been requested for medical reasons. If an employee requires leave for the placement of a child for adoption or foster care, other documentation may be required.

Medical certification must be submitted within 15 days of the leave request. If the Diocese of Phoenix has reason to doubt the validity of the medical certification, it may require, at its expense, the opinion of a second health care provider of its choice. If the first and second opinions differ, the Diocese of Phoenix may require, at its expense, a third opinion that is final and binding. An employee who refuses to submit to a second or third opinion examination will have their leave denied. All forms must be submitted to the supervisor for eligibility verification and approved by Human Resources.

Group health insurance will be provided for the employee for the duration of a FMLA leave and at the same rate as if the employee had not taken leave. The employee on unpaid leave is responsible for the employee portion of the monthly premium. If the employee on unpaid leave fails to pay the employee portion of the premium, and their dependent's health insurance premium, the dependent coverage will be canceled effective the last day of the month in which full payment was made. Taking FMLA leave is not a qualifying event that triggers the continuation of existing health benefits; however, a qualifying event may occur when it becomes known that an employee is not returning to work.

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An employee may be required to periodically report their status of condition and intention to return to work to their supervisor. An employee who is able to return to work earlier than the ending date of the leave must notify their supervisor two weeks in advance of the intended return date. An employee returning to work after a serious health condition must provide a release from a health care provider.

An employee will be restored to the same position held before the leave began, or an alternative position with equivalent pay, benefits and other terms and conditions of employment.

Please contact the Diocese of Phoenix Human Resources Office for full details concerning the availability and administration of family leave.

3. Arizona Victim Leave Law

Under the Arizona Victim Leave Law, employees are eligible for leave and certain job protections if they are a victim of a crime. The employee must submit a copy of the written notice received from law enforcement or the prosecutor establishing the official victim status before leave is allowed along with a copy of the notice of any scheduled proceeding, if applicable. The time off will not be paid time off unless the employee requests the use of credited vacation and/or sick leave.

4. Military Leave of Absence

See Military Service Policy.

B. Insurance Programs

1. Medical Care Plan

Each eligible employee is provided the opportunity to provide dependent(s) with group health insurance plan coverage under their program.

2. Dental Care Plan

An optional dental care plan is available to the employee and dependent(s).

3. Life Insurance

The Diocese of Phoenix includes in its benefits package the option for employees to supplement their individual and dependent(s) life insurance plans at their own expense. The supplemental life insurance also provides coverage for accidental death and dismemberment for the individual and dependent(s).

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4. Long-Term Disability Insurance

Employees may participate in a long-term disability (LTD) insurance plan.

5. Medical Insurance Continuation Plan

Though exempt from the COBRA 1985 public law, the Diocese of Phoenix voluntarily provides the opportunity for medical insurance continuation of coverage under the group health insurance plan at the employee's expense for eligible employees who terminate employment within the Diocese of Phoenix.

Employees who are called to active military duty are allowed to continue coverage under the employer's health insurance plan for a period of at least 24 months at their expense.

III. OTHER BENEFITS

A. Pre-Tax Deductions

The Internal Revenue Service (IRS) Code Section 125 allows employees to pay for certain benefits through payroll deductions on a pre-tax basis, which means that the total amount withheld to pay for these benefits is free of Federal, State and Social Security taxes. Health care insurance and dental care premiums are allowed under this ruling.

Under the Flexible Spending Account, employees may voluntarily choose to participate by having payroll deductions pay for expenses in the following categories:

1. Health Care Reimbursement Account

a) Health care expenses for employee and dependent(s).

2. Dependent Care Account

a) Eligible dependent care expenses (children and disabled dependents).

B. IRS Code Section 125 (Pre-Tax Deduction) for Tax Sheltered Annuity

Since the Diocese of Phoenix is a church nonprofit organization, employees are authorized by IRS Code Section 125 and encouraged to build additional retirement savings by establishing a tax-sheltered annuity (403(b) plan) through payroll deductions.

C. Credit Union Membership

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The Diocese of Phoenix has made agreements with two credit unions for its employees to voluntarily apply for active membership: Desert Schools Credit Union and the Arizona Central Credit Union.

D. Electronic Deposit

Employees may voluntarily choose to have their paychecks automatically deposited in their checking/savings accounts at no expense to the employee.

E. Payroll Deductions

Employees may voluntarily choose to have money deducted from their paychecks for various reasons at no expense to the employee (i.e., charitable contribution to United Way, CTO, CDA, and CCF).

F. Personal/Professional Membership

The Diocese of Phoenix authorizes the payment of costs for employees' personal and/or professional memberships that are job-related and approved.

Approved by Bishop Thomas J. Olmsted on October 27, 2006