

# Priests' Retirement Report Summary

Roman Catholic Diocese of Worcester

March 31, 2020

# A Bishop's Canonical Obligation to Retired Priests

- Canon 538 §3:
  - A parish priest who has completed his seventy fifth year of age is requested to offer his resignation from office to the diocesan Bishop who, after considering all the circumstances of person and place, is to decide whether to accept or defer it. Having taken account of the norms laid down by the Episcopal Conference, the diocesan Bishop must make provision for the appropriate maintenance and residence of the priest who has resigned.
- *Norms for Priests and Their Third Age:*
  - Each Diocese should guarantee that priests be given adequate support through a long-range, financially independent, and professionally managed pension fund. In addition, the priest should bear in mind responsible stewardship of his own resources. Participation in the social security system as well as IRA's (sic) or other forms of savings is considered an essential element of this stewardship.

# FOCUS

- To review:
  - the **suitability** and **sustainability** of benefits
  - the means for the **funding** of those benefits
- Subcommittees
  - Benefits
  - Revenue

# Committee Members

- Monsignor Thomas Sullivan
- Monsignor Michael Rose
- Monsignor Francis Scollen
- Father Daniel Mulcahy
- Father Edward Niccolls
- Father Dennis O'Brien
- Sister Mary Ann Bartell, CSE
- Mr. Richard Fournier
- Mr. Paul Schasel
- Mr. Frederick Randall
- Father Richard Reidy

# Current Profile

(March 31, 2020)

• Retirees in Good Standing	51
• Retirement Age	75
• Active Priests	121
• Active Priests over 75	6
• Number of Active Priests who will turn 75 by 2029	42
• Average Age of Active Priests <i>(As of September 1, 2019)</i>	55.9
• Average Age of Retirees	79.7

# Current Retirement Benefits

<b>Stipend</b>	\$2,233/month
<b>Health Insurance (Priests contribute \$840/year)</b>	\$6,000/year
<b>UNUM Long-Term Care Basic Policy*:</b>	
- LTC (after 60 days)	\$3,000/month
- Assisted Living	\$1,800/month
- Home Care	\$1,500/month
- Lifetime Benefit	\$72,000
<b>Independent Living</b>	
- Personal Home	\$360/month
- Rectories	\$0-600/month
- Colony Home	\$1,000/month
- Southgate	\$1,500/month
<b>Assisted Living**</b>	\$6-7,000/month
<b>Nursing Home (first 60 days)</b>	≈\$12,000/month
<b>Retreats/Assemblies</b>	

\*A priest can opt to pay greater coverage.

\*\* Monthly stipend reduced to \$100/month

# Annual Cost of Current Benefits: FY19 Year End

Stipends	\$1,420,085
Health Insurance (Diocesan Share)	325,049
UNUM Policy (Diocesan Share)	101,668
<b>Independent Living</b>	
- Personal Homes	[counted with stipend total]
- Rectories	8,600
- Southgate/Colony	196,732
Assisted Living & Nursing Home	573,833
Retreats/Assemblies	2,577
Actuarial Evaluation Cost (USI)	14,500
<b>Total</b>	<b>\$2,643,044<sup>1</sup></b>

<sup>1</sup> This total is \$250,000 less than what is reported for priest retirement expenses on the FY2019 Diocesan Annual Report, apparently due to accounting requirements involved with the transfer of restricted funds.

# Operating Revenue for Priests' Retirement

Income	FY2015	FY2016	FY2017	FY2018	FY2019
Partners in Charity	\$550,000	\$550,000	\$550,000	\$550,000	\$550,000
Celebrate Priesthood	-	280,000	191,520	225,000	145,000
Contributions: Individual	\$4,723	7,788	12,791	361,960	27,421
Contributions: Bequests	-	342,544	274,986	133,571	85,020
Priest Ret. Assess. <sup>1</sup>	393,250	398,666	383,500	386,750	376,188
Custodial Care Assess. <sup>2</sup>	335,958	335,348	328,320	326,317	322,208
UNUM LTC Assess. <sup>3</sup>	48,098	46,041	43,539	42,059	37,876
Dividend/Interest Income	24,793	16,675	110,886	50,354	58,615
Other Income	-	\$60	-	-	-
<b>Total Income:</b>	<b>\$1,356,822</b>	<b>\$1,977,122</b>	<b>\$1,895,542</b>	<b>\$2,076,011</b>	<b>\$1,602,328</b>
<b>Year-on-Year Change \$</b>	<b>n/a</b>	<b>\$620,300</b>	<b>(\$81,580)</b>	<b>\$180,469</b>	<b>(\$473,683)</b>
<b>Year-on-Year Change %</b>	<b>n/a</b>	<b>45.7%</b>	<b>-4.1%</b>	<b>9.5%</b>	<b>-22.8%</b>

<sup>1</sup>\$3,350 per active priest, paid by parish or Diocese

<sup>2</sup>\$2,750 per active priest, paid by parish or Diocese

<sup>3</sup>Various amounts paid by priests based on age, benefit election, etc.



# Restricted Funds and Target Distribution

Restricted Funds	Balance as of 8/31/19	Ann. Dist. Rate	Annual Distribution Amount
Forward in Faith: Priest Retirement	\$5,193,733	4.0%	\$207,749
Msgr. Griffin Fund: Investment	9,483,692	4.0%	379,348
Msgr. Griffin Fund: DEF	141,024	4.0%	5,641
Priest Retirement Fund	323,031	4.0%	12,921
Retired Priest Residence Fund	595,790	4.0%	23,832
<b>Current:</b>	<b>\$15,737,270</b>		<b>\$629,491</b>

# Priests' Retirement

## FY19 Summary

Expenses	\$2, 643, 044
Operating Revenue	1, 602, 328
Operating Deficit	1, 040, 716
- Restricted Funds (transfer 4% Target Distribution)	629, 491
- Excess Costs over Operating Revenue and 4% Target Distribution	411, 225

- With 42 additional retirements over the next 10 years we must balance expenses and revenues for the sake of sustainability.

# Recommendations: General

1. Actuarial Calculations:
  - a. Before implementing any recommendations, have USI calculate:
    - i. the cost of each recommendation
    - ii. the number of priests who will be over the age of 75 for each of the next 30 years
2. Ordained Ministry outside of Diocesan Jurisdiction and Leaves of Absence:
  - a. If retirement benefits have accrued for such ministry, e.g. Military or Hospital chaplaincies or teaching positions, Diocesan benefits are reduced.
  - b. Clarity about possible reduction in retirement benefits is necessary before permission for extended personal leaves of absence.
3. Ministry to Retired Priests:
  - a. Gratefully continue to support the ministry of Sister Mary Ann and, in the future, continue such support and service.
4. Retirement Planning:
  - a. Make available appropriate professionals to our priests at the beginning of their priesthood and appropriate intervals.
5. Retirement Committee:
  - a. A permanent committee should monitor and make recommendations on appropriate stipends and benefits .

# Recommendations: Benefits

## 6. Housing Allowances

- a. Eliminate housing allowances. Raise monthly stipend to \$2,600 per month.

## 7. Southgate

- a. Retain as residence for frail priests not yet in need of assisted living.
- b. Except for current residents, eliminate the \$1,500/month stipends for Southgate residents.
- c. If frail priests cannot afford Southgate from their \$2,600 monthly stipend, social security check, applicable UNUM benefits and personal assets, the Diocese, after a review of need, will provide support.

## 8. Other Independent Housing Options:

- a. Family
- b. Personal homes or apartments including Southgate (without assistance for frail priests in financial need) or rectory.
- c. Diocese should explore Colony Home and Goddard House as options for Independent Living.

# Recommendations: Benefits (Cont'd)

## 9. Assisted Living:

- a. Priests retain monthly stipend and pay for assisted living out of that stipend, social security check, applicable UNUM benefits, personal assets and government assistance. If such is insufficient, the Diocese, after a review of need, will provide support or alternate residence.

## 10. Nursing Home

- a. The Diocese will assist with placement. Payment from priest monthly stipend, social security check, applicable UNUM benefits, personal assets and governmental assistance. The Diocese will temporarily advance one months cost if necessary to secure suitable placement when personal assets are inaccessible.

## 11. Grandfathering

- a. Priests currently living at Southgate, Notre Dame, in Independent or Assisted Living shall not be affected by these recommendations.

## 12. Recovery Housing:

- a. The Diocese should provide a place for priests recovering from complex surgeries or medical issues until they are able to return to their Parish assignment or retirement dwelling.

# Recommendations: Revenue

## 13. Priest Retirement Savings:

- a. Institute funding vehicle for younger priests, e.g. age 35, to which the priests and possibly their Parish/Department would make monthly contributions.

## 14. Second collection:

- a. An annual second collection to support priest retirement ought to be taken throughout the diocese.

## 15. Assessments:

- a. Over time, significantly increase parish and department assessments for priest retirement, possibly with wealthier parishes sharing a greater portion. Alternatively, an increase in the *cathedraticum* to fund priest retirement might be more equitable to poor parishes.

## 16. Bequests and Gifts:

- a. Continue to promote bequests and gifts among priests and laity.

## 17. Legacy of Hope:

- a. Emphasize the critical importance of Legacy of Hope.

# Additional Retirement Funds and Income if *Legacy of Hope* is Successful

Restricted Funds	Balance as of 8/31/19	Annual Distribution Rate	Annual Distribution Amount
<b>Current Total:</b>	\$15,737,270		\$629,491
<b>Legacy of Hope</b>	\$12,000,000	4.0%	\$480,000
<b>Projected</b>	\$27,737, 270		\$1,109,491

# Disparity of Benefits Due to Varying Monthly Housing Allowances for Independent Living

	Southgate	St. Mary's, Uxbridge	St. George, Bl. Sacrament, St. Anne	Holy Family	Colony	Private Residence
<b>Salary/m</b>	\$2,233	\$2,233	\$2,233	\$2,233	\$1,727	\$2,233
<b>Additional Diocesan Payments/m</b>	\$1,500	\$200	\$0	\$600.00	\$1,000	\$360
<b>Benefits for Priests:</b>	SS Check	SS Check	SS Check	SS Check	SS Check	SS Check
	Meals			Meals	Meals	
	House Keeping			House Keeping	House Keeping	
<b>Total Benefits:</b>	<b>\$3,733.00</b>	<b>\$2,433.00</b>	<b>\$2,233.00</b>	<b>\$2,833.00</b>	<b>\$2,727.00</b>	<b>\$2,593.00</b>