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PRIESTS' RETIREMENT POLICY

INTRODUCTION

When a priest retires, he retires from a particular ministerial assignment, not from the priesthood. He is encouraged to continue his priestly ministry to the extent that he chooses and is physically able to do so. The retirement years begin a new, less hectic, but sometimes difficult period in the life of a priest. He may reflect with joy on the many people whose lives he touched by his ministry and who, in turn, touched his life by their kindness and concern. At the same time, retirement may mean a more lonely time in a priest's life. Many of his friends and fellow priest retirees may be in declining health and some may have already died. Physical disability may complicate the otherwise good health he enjoyed in the past. The purpose of the Priests' Retirement Policy is to assure that a priest is adequately supported during his retirement years.

The Archdiocese of Washington will provide its retired priests a monthly retirement benefit; comprehensive health care coverage; core long-term care coverage; access to housing in a parish or Archdiocesan institution, if capable of independent living; and funeral and other final expenses. These benefits apply only to incardinated priests who have retired from active ministry at the retirement age outlined in this policy. These retirement benefits do not apply to priests who no longer enjoy priestly faculties of the Archdiocese of Washington.

The retirement benefits are provided under and are subject to the provisions of the Priests' 403(b)(9) Retirement Plan. If there are discrepancies between the Plan and this policy, the Plan's provisions govern. The Plan is presented in the next section of this Appendix C.

Whenever there is a lack of clarity in the application of this policy, the matter will be reviewed by the Priests' Retirement Board, which will present a recommendation to the Archbishop, who alone has the competency for the correct interpretation and alteration of the policy.

I. RETIREMENT BENEFIT

A. Eligibility

All incardinated priests of the Archdiocese of Washington may become eligible for retirement benefits with the approval of the Ordinary, in one of the following ways:

1. At age 70 or after (normal retirement)
2. From ages 62 to 69 (early retirement)
3. Due to permanent disability at any age (disability retirement)
4. Notwithstanding any provision herein to the contrary, as determined by the Archbishop of Washington

All priests must submit a letter of resignation from their assignment no later than reaching age 75. The priest becomes eligible for the retirement benefit only when his resignation is accepted by the Archbishop.

B. Normal Retirement Benefit

Retired priests receive a monthly retirement benefit. (See Exhibit 1 to Appendix C for the amount.) It is the responsibility of the Priests' Retirement Board to recommend to the Archbishop what the appropriate retirement benefit should be. In his discretion, the Archbishop may adjust the amount of the retirement benefit in accordance with USCCB guidelines.

C. Early Retirement Benefit

Early retirement may be approved with the written endorsement of the Archbishop after due consideration of the priest's request and the reason(s) for the request. Priests approved for early retirement will receive a six percent reduction in the monthly stipend for each year of early retirement prior to age 70.

D. Disability Retirement Benefit

"Disability" means any condition which continuously disables and prevents a priest from performing his duties as a priest and which is expected to be of a permanent duration (e.g., poor health, personal injury, etc.). The Archbishop, after review by the Priests' Retirement Board, will decide whether a priest is entitled to the normal retirement benefit and other retirement benefits. The Archbishop may, at his discretion, procure other medical opinions concerning the priest's disability.

The procedure for requesting disability retirement is as follows:

1. The priest requesting disability retirement applies in writing for permission from the Archbishop.
2. He must also submit medical and/or other appropriate reports that support his request. Moreover, he must provide written permission for the Priests' Retirement Board to consult his doctors and other professionals and, if the Board feels it is necessary, to procure other medical opinions concerning his health condition.
3. The Priests' Retirement Board undertakes a review of his request. After due consideration, the Board will make a recommendation to the Archbishop.
4. The Archbishop gives a written decision that is communicated to the priest.

The Priests' Retirement Board will review all disability retirements from time to time and recommend to the Archbishop that payments be discontinued if the recipient has, in the opinion of the Board, recovered to the point where he can be reassigned to active ministry or, if no longer in ministry, undertake other gainful employment.

E. Amount of Retirement Benefit

The amount of the retirement benefit will be reviewed by the Priests' Retirement Board every year. A recommendation is to be made in writing to the Archbishop. See Exhibit 1 to Appendix C for amount.

F. Retirement Benefits from Other Sources

When a priest receives retirement benefits from employment prior to ordination or from special priestly ministry (e.g., military chaplains, university professors), then his benefit from the Priests' Retirement Plan will be offset by any pension benefits from such other employment. This does not, of course, refer to retirement benefits received from Social Security. It is Archdiocesan policy that priests not be exempt from the significant benefits provided by Social Security.

G. Taxes on Retirement Benefit

The retirement benefit from the Archdiocese of Washington is expected to be taxable by the Federal, and State or District of Columbia governments. Under this policy, the Archbishop and the Priests' Retirement Board may designate as the priest's housing allowance any and all payments to a priest.

H. Method of Payment: Direct Deposit

Retirement benefits are paid on a direct deposit basis to a priest's checking or savings account. Required forms for this purpose may be obtained from the Office of Ministerial Leadership. All retired priests, as a matter of Archdiocesan policy, will participate in the direct deposit payment program.

I. Funding for Priests' Benefits

Normally the parish, school, agency or organization to which a priest is assigned and which pays his monthly salary will make a monthly contribution to cover retirement benefits. Until a priest retires, the parish (or institution) will continue to pay the health care, long-term care, and retirement premium to the Archdiocese through its administrative agent(s). Upon retirement, health care contributions are paid by the Archdiocese of Washington. Long-term care insurance premiums in excess of the maximum personal contribution amount established by the Priests Retirement Board will also be paid by the Archdiocese of Washington.

II. MEDICAL AND CARE COVERAGE

A. Medical Expenses

1. Archdiocesan Health Insurance Plan

The health, vision and dental care plan of the Archdiocese of Washington for eligible priests provides for comprehensive health care benefits for both remedial and preventive health care maintenance. As of June 30, 2010, this program is administered by NCAS, P.O. Box 1227, Fairfax, Virginia 22030-1227. For information about this plan, please consult the booklet entitled, *Archdiocese of Washington's Healthcare Plan for Priests*. For information regarding coverage and claims, a priest should refer to his NCAS health care card.

2. Medicare

The Archdiocesan health care plan presumes that all priests, upon eligibility, are enrolled in Medicare Parts A and B of the Social Security program. All priests must enroll in Medicare Part A upon attainment of age 65 and enroll in Medicare Part B upon retirement. Upon retirement or disability, Medicare Parts A and B will pay "primary" benefits for covered medical expenses and the Archdiocesan health care plan will make "secondary" payments. A priest *must* be enrolled in Medicare Parts A and B because the Archdiocesan health care plan will not make "primary" payments.

If a priest is not covered by Social Security, he must purchase Medicare Parts A and B since the priests' health care plan will cover only medical expenses above what Medicare would have paid. For further information regarding Medicare Parts A and B, please consult the current *Guide to Social Security and Medicare* published by the Social Security Administration.

B. Long-Term Care

Core long-term care insurance coverage equal to the benefit offered to lay employees will be provided for all active priests. The cost is to be paid by the priest's assignment. Please refer to the current coverage materials for benefit and other information.

A priest who has long-term care insurance may, at his discretion, maintain this insurance in retirement by assuming responsibility for the premiums. Because long-term care insurance premiums are based upon the age at which a participant begins coverage, retired priests will be charged different premiums to continue the same benefit. To mitigate this inequity, the Priests' Retirement Board will establish and review annually a maximum personal contribution for long-term care insurance. See Exhibit 1 to Appendix C. Amounts in excess of this threshold will be paid by the Archdiocese.

Priests who were retired as of June 30, 2010 who eventually need long-term care will be provided with the same benefit as the core policy; however, the benefit rather than an insurance premium will be paid by the Archdiocese.

Priests in long-term care as of June 30, 2010 will be grandfathered (care paid by the Archdiocese), but they will be asked to contribute to their care if they are financially able to do so.

Priests will use personal assets to pay for long-term care. Those who wish to purchase additional long-term care insurance to supplement the core plan will be able to do so through UNUM, Knights of Columbus or another carrier of their choice.

C. Housing in a Parish or Archdiocesan Institution

If the retired priest lives in a rectory, he is expected to exercise his priestly ministry by assisting, to the degree his health and energies permit, with Masses and confessions, as is generally expected of any priest in residence.

Retired priests in rectories who are providing ministerial services to the parish receive room and board in exchange for these services or as otherwise agreed to between the

pastor and retired priest. Retired priests in rectories who are not providing ministerial services to the parish should contribute thirty percent of their retirement benefit to the parish. The agreement between the pastor and the retired priest should be in writing, with a copy of the memorandum of understanding on file in the Office of Ministerial Leadership.

An offering of 30 percent of the monthly retirement benefit and actual Social Security received is asked for from priests residing at the Cardinal O'Boyle Residence. Priests living at the O'Boyle Residence who provide services to parishes may receive a stipend for their services.

D. Funeral and Other Final Expenses

The Archdiocese will pay for the funeral expenses of a priest up to the amount established and reviewed annually by the Priests' Retirement Board. (See Exhibit 1 to Appendix C) If the priest or the family of the priest chooses a more elaborate funeral, then the excess expenses are the responsibility of the estate or of the family.

E. Car Insurance Benefit

Priests of the Archdiocese of Washington who are retired and who still use their car for pastoral ministry in Archdiocesan parishes or ministries will receive reimbursement for the actual cost of their car insurance premium up to the amount established and reviewed annually by the Priests' Retirement Board. (See Exhibit 1 to Appendix C)

- The amount reimbursed to the retired priest is taxable income and will be reported to the Internal Revenue Service.
- Reimbursement will be made in the months of June and December.
- To be reimbursed, the priest must submit a canceled check and his insurance company's invoice to the Archdiocesan Finance Office.

II. PRIESTS' RETIREMENT BOARD

A. Responsibilities

The Priests' Retirement Board has been established by the Archbishop to consider the needs of priests in retirement and to provide for those needs according to the resources of the Archdiocese. The responsibilities of the Retirement Board include the following:

- Keeping all priests informed of their rights and options under current policies pertaining to priests' retirement

- Being aware of developing and changing needs of retired priests and recommending to the Archbishop changes in policy if such changes are necessary to address these needs
- Discussing and responding to individual inquiries or particular needs of retired priests
- Reviewing the benefits for retired priests on an annual basis and recommending to the Archbishop an increase when appropriate
- Making recommendations to the Archbishop when priests petition for retirement
- Meeting with the retired priests on an annual basis and as requested or needed
- Reviewing the Archdiocesan Report of the Priests' Retirement Fund on a quarterly basis
- Reviewing the actuarial studies that are performed annually.

B. Meetings

The Board will meet on a regular basis but no less than twice per year. The Priests' Retirement Board shall meet on an *ad hoc* basis whenever the Archbishop, the Secretary for Ministerial Leadership and/or the Coordinator for the Pastoral Care of Priests determines a need to consult the board members to seek their advice on matters pertaining to the retired priests.

C. Membership

The Priests' Retirement Board shall be made up as follows:

1. Appointed Members

- a. Two priests in active ministry appointed by the Archbishop
- b. Three retired priests appointed by the Archbishop
- c. Two priests recommended by the Priest Council (one must be a pastor and one must be a parochial vicar)

2. *Ex Officio* Members

- a. Coordinator for the Pastoral Care of Priests
- b. Moderator of the Curia
- c. Secretary for Ministerial Leadership
- d. Chancellor of the Archdiocese
- e. Director of Cardinal O'Boyle Residence for Priests

3. Terms of Office

The appointed members' terms of office shall be three years with an objective of staggered terms, facilitating continuity of governance.

4. Election of Officers

The chairman is to be elected by the members of the Priests' Retirement Board in September of each year. The chairman may not be an *ex officio* member of the Board.

A secretary shall be elected each year in September. He shall be responsible for the minutes of the meetings and for all correspondence.

D. Confidentiality

1. Each member of the Priests' Retirement Board will observe strict confidentiality in all matters concerning individual priests.
2. Revealing and sharing of confidential matters may be authorized only by the Archbishop or his representative.
3. Any breach in confidentiality will be investigated thoroughly as soon as it surfaces.

IV. PRIESTS' RETIREMENT BENEFIT TRUST

The assets of the Priests' Retirement Benefit Trust are invested and overseen by trustees. Actuarial valuations of the retirement and medical and care liabilities will be performed annually. A report on the investments and actuarial liabilities will be given to the Archbishop and to the priests annually.

Exhibit 1 to Appendix C

Amount of Retirement Benefit:

FY 2010-2011	\$1,415
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Maximum funeral expense to be paid from Archdiocesan sources

FY 2010-2011	*
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Maximum car insurance reimbursement

FY 2010-2011	\$1,500
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Maximum personal contribution for long-term care insurance	*
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* to be recommended by Priests' Retirement Board