

Archdiocese of Washington
Priests' 403(b)(9) Retirement Plan

Approved December 11, 2008

Effective January 1, 2009

OUTLINE

INTRODUCTION

1. Retirement Benefits – General
2. Eligibility
 - A. Normal Retirement Benefit
 - B. Early Retirement
 - C. Disability Retirement Benefit
3. Amount of Retirement Benefit
4. Retirement Benefits from Other Sources
5. Taxes on Retirement Benefit
6. Method of Payment – Direct Deposit
7. Funding for Priests' Benefits
8. Priests' Retirement Board
 - A. Responsibilities of the Board
 - B. Meetings
 - C. Membership
 - D. Confidentiality
9. Miscellaneous

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. 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.

This Priests' 403(b)(9) Retirement Plan (the "Plan") is an amendment and restatement of the priests' pension provisions of prior Policy #1008 in order to comply with final regulations under Internal Revenue Code ("Code") section 403(b). This Plan concerns pension provisions that date to 1966, and that began to be funded in 1979¹, under prior policies to provide for priests' pensions. The retirement plan established by this Plan and the prior policies is a defined benefit church retirement income account under Code section 403(b)(9) that was in existence on September 3, 1982, and is a church plan within the meaning of Code section 414(d) and ERISA section 3(33) which has not made the election under Code section 410(d).

1. RETIREMENT BENEFITS - GENERAL

The Archdiocese of Washington will provide its retired priests a monthly retirement benefit as described in this Policy. These benefits apply only to incardinated priests who have retired from active ministry at the retirement age outlined in this policy. The retirement benefits do not apply to priests who no longer enjoy priestly faculties of the Archdiocese of Washington.

2. ELIGIBILITY

All incardinated priests of the Archdiocese of Washington may become eligible for a 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.

¹ See the Retirement Board report of June 1, 1995, and "History of Priest Retirement" (undated) for more information on the establishment and history of the Priest Retirement Plan.

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.

A. NORMAL RETIREMENT BENEFIT

Retired priests receive a monthly retirement benefit. Please see Appendix C-4 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.

B. 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 benefit for each year of early retirement prior to Age 70.

C. 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 or 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:

- a. The priest requesting disability retirement applies in writing for permission from the Archbishop to retire on account of disability. The Retirement Board will undertake a review of his request.
- b. The priest 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 Priests' Retirement Board feels it is necessary, to procure other medical opinions concerning his health condition.
- c. The Priests' Retirement Board will undertake a review of his request. After due consideration, the Retirement Board will make a recommendation to the Archbishop.
- d. The Archbishop will give 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.

3. AMOUNT OF RETIREMENT BENEFIT

The amount of the normal retirement benefit for each year is set forth in Appendix A. This amount will be reviewed by the Priests' Retirement Board every year. Any recommendation for a change, on account of cost-of-living or otherwise, is to be made by the Retirement Board in writing to the Archbishop. Any such proposed change may be approved or disapproved by the Archbishop, and shall only be effective if approved by the Archbishop. Such written approval shall constitute an amendment to this plan and Appendix A hereto. Such amount shall be a monthly payment, which shall terminate on the death of the priest. Because all benefit payments under this plan are paid in the form of substantially equal periodic payments for the life of the priest, no payments of benefits under this plan will constitute eligible rollover distributions within the meaning of Code section 401(a)(31). Notwithstanding any other provision, payments under this Plan (1) shall satisfy section 401(a)(9) of the Code, as applicable to 403(b) plans under Code section 403(b)(10), and, (2) the benefits provided by this Plan to a priest shall not exceed the limitations on annual additions or annual benefits under Code section 415 as applicable to a church retirement income account plan pursuant to Treas. Reg. section 1.415(a)-1(b)(2).

4. OFFSET OF RETIREMENT BENEFITS FROM CERTAIN OTHER SOURCES

When a priest receives retirement benefits from employment prior to ordination or special priestly ministry (for example, military chaplains, university professors), then his benefit from the Priests' Retirement Plan will be offset by any pension benefits from such other employment. No offset is made for retirement benefits received from Social Security. It is Archdiocesan Policy that priests not be exempt from the significant benefits provided by Social Security and shall be enrolled in Social Security.

5. TAXES ON RETIREMENT BENEFIT

A. All retirement benefits are taxable by the Federal, State or D.C. Governments, except as provided in 5.B, below.

B. By adoption of this Policy by the Archdiocese, the Archbishop and the Priest's Retirement Board hereby designates as the priest's housing allowance any and all payments under this Plan to a priest.

6. 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.

7. FUNDING FOR PRIESTS' BENEFITS

Normally the parish, school, agency or organization to which he is assigned and which pays his salary will make a monthly contribution to cover retirement benefits. This contribution, net of a charge for administrative costs and other expenses, will be aggregated with other such contributions and either (a) used by the Central Administrative Office of the Archdiocese to fund current retirement benefits for priests, or (b) transferred to the Priests' Retirement Trust.

This plan need not be funded if the Archdiocese shall, in its sole discretion, determine. Contributions by priests are not permitted. However, the Archdiocese may, at its sole discretion, fund the plan in whole or in part by establishing a trust or custodial account or purchasing an annuity contract to hold all or part of any assets or to pay all or part of the benefits under this plan. To the extent funded, there shall be no diversion of any portion of the assets of the plan other than for the exclusive benefit of participating priests. The assets of the Plan may be commingled in a common fund made up of such accounts or in a common fund with other amounts exclusively devoted to church purposes, provided that the part of such fund which equitably belongs to the plan shall be separately accounted for and cannot be used for or diverted to purposes other than for the exclusive benefit of employees and their beneficiaries. The reasonable costs of administering the Plan may be charged against the Plan. Such costs may include the reasonable costs of administering a retirement income program of which the account is a part, including costs associated with informing priests and their employers of the availability and terms of the program.

The Priests' Retirement Fund is to be invested and a periodic report given to the Archbishop and to the Priests' Retirement Board.

8. PRIESTS' RETIREMENT BOARD

The Archbishop shall appoint a Priests' Retirement Board from time to time to administer the Plan.

9. MISCELLANEOUS PROVISIONS.

A. Type of Plan - The Plan is intended to be a church plan within the meaning of section 414(e) of the Internal Revenue Code of 1986, as amended (the "Code") which has not made the election under section 410(d) of the Code and is also intended to meet the requirements of a retirement income account under section 403(b)(9) of the Code. The Plan shall be interpreted, wherever possible, to comply with the applicable terms of the Code and all applicable formal regulations and rulings issued under the Code.

B. Facility of Payment - Whenever, in the Priest Retirement Board's opinion, a priest who may receive any payment of a benefit under the plan is under a legal disability or is incapacitated in any way so as to be unable to manage his financial affairs, the Priest Retirement Board may, to the extent permitted by law, make payments directly to the priest's legal representative, or to a relative or friend of the priest to be used exclusively for such priest's benefit, or apply any such payment for the benefit of the priest in such manner as the Priest Retirement Board deems advisable. Any benefit payment (or installment thereof) made in accordance with the provisions of this shall completely discharge the obligation for making such payment under the plan.

C. Governing Law - This plan shall be administered, and its validity, construction, and all rights hereunder shall be governed by the canon law of the Roman Catholic Church, and by the laws of the State of Maryland to the extent not in conflict with such canon law. If any provisions of the plan shall be held invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

D. Limitations on Liability - The Archbishop, the Archdiocese and its employees, and the Priests' Retirement Board and its members shall not be liable to any person or entity for any of their acts carried out hereunder in good faith and based upon the information available at the time.

E. Amendment – The Archbishop and his delegates can amend or terminate the Plan at any time.

APPENDIX A

Fiscal year 2008-2009 rates:

On Church property: \$1,130 per month

Independent living: \$1,415 per month

Fiscal year 2009-2010 rates:

On Church property: \$1,180 per month

Independent living: \$1,415 per month

Fiscal year 2010-2011 rate:

All: \$1,415 per month