

**A National Compilation and Analysis of  
Retired Diocesan Priests Pension and  
Benefit Plans as Reported in the Survey of  
“The Laborer Is Worthy of His Hire”\***

**\*“THE LABORER IS WORTHY OF HIS HIRE” 2008 EDITION**

**Conducted by  
National Association of Church Personnel Administrators**

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**Compilation by  
Laity in Support of Retired Priests, Inc.**

**An organization known as The Laity in Support of Retired Priests, Inc. has formed for the purpose of addressing issues of diocesan priests in their retirement.**

**LSRP, Inc. is a non-profit organization incorporated in the state of Florida, all donations are deductible as allowed by law.**

## **Forward**

In keeping with Vatican II's desire for the laity to be participants and contributors to our church, our association, Laity in Support of Our Retired Priests and Bishops, has been formed in keeping with that objective.

The Association has funded research projects to determine the needs of Diocesan Priests in Retirement. It is worthy of note, half of the now active priests will retire in the next 20 years; the magnitude of this issue warrants further consideration.

Our most recent research in this regard is a study entitled "Analysis and Compilation of Pension and Benefits of Diocesan Priests" and is based on the study "A Laborer is Worthy of His Hire" as conducted by William P. Daly, Surveys Director, National Association of Church Personnel Administrators. This report deals with retirement issues on a diocesan by diocesan basis which indicates there is a wide variance.

The present study is designed to compile pension and benefits from a national perspective thus to better understand the issues.

We welcome your thoughts on behalf of our retired priests who have given their lives to caring for God's people.

Thomas W. Hoban  
President/CEO

Joseph Van Kirk  
Founder

Victor J. Doucette, Director of Programs and Publications, National Federation of Priests Councils, in his forward to the 2008 edition of “The Laborer is Worthy of His Hire”, a study of priests’ compensation in U.S. Roman Catholic dioceses.

“Since the previous edition of “Laborer” in 2005, compensation of priests has continued to be a topic of discussion throughout the church. Bishops, priest personnel directors, human resource professionals, presbyteral councils and priests themselves have expressed concerns about fair and just treatment. These concerns include not only salaries and wages, but also housing and food, health benefits, and support for retirement.

“This 2008 edition of “The Laborer is Worthy of His Hire” is the most accurate and complete resource of its kind. It contains data on priests’ compensation from a survey that was sent to all of the Catholic dioceses in the United States in the fall of 2007. One hundred fifty-eight dioceses, or 90% completed and returned the surveys. As in the past, this edition also features detailed commentaries, valuable tax advice, and other helpful information related to the data.”

## **The Future**

The “Laborer” survey data presents a rather uneven pattern of income versus expenses in the lives of retired priests. Some diocesan plans cover retired priests’ needs quite well. Others appear somewhat deficient. What ideas for positive change might individual dioceses and the U.S. Catholic Church as a whole take away from these findings?

First, several positive notes. All dioceses provide some form of retirement or pension plan. Virtually all dioceses provide rather extensive health care support, which lowers and may eliminate entirely normal health care costs of priest retirees. Over 80% of dioceses provide some form of housing support, whether in formal retirement housing or in informal arrangements in rectories.

This is an excellent start. Concerning retirement and pension plans, most dioceses set up separate plans specifically for priests. The value with this arrangement lies in its ability to set income levels based on local needs. The findings here, however, suggest they either were not set high enough initially or have not kept up with inflationary increases in the living costs of priest retirees. Some standardization is desirable, such as maintenance of income levels at or above a minimum ratio of income to needs.

The social security earnings of retired priests lag behind the national average because of their low tax payments into the social security system. The taxpayer designation of priests does not help this situation. Because of their independent contractor status for social security tax purposes, individual priests pay the social security tax directly. Just over half of US dioceses encourage higher tax input by priests by providing extra income that partially or fully offsets priests' social security tax payments. Such practices, when separately identified as in 35% of dioceses, help priests determine how much they should pay into social security as well as encouraging full payment of priests. These practices encourage larger social security tax payments, which will result in higher social security income for these priests when they retire.

Concerning housing, the current most helpful alternatives – optional residence in a rectory or diocesan retirement housing – may not be the best approaches for the future. Demographic data suggests that the number of retired priests in the U.S. increases each year and will continue to increase over the next 10 or 20 years. How best to accommodate these additional retirees? Currently about half of dioceses have diocesan retirement housing complexes, whose capacity ranges from 3 retirees in very small residences to over just under 50 retirees in the largest diocesan retirement residences. It may be unwise to build new diocesan housing because of high construction costs, a seemingly underutilized 76% occupancy rate nationally, and the dioceses allow retired priests to arrange for room and board in diocesan rectories. Rectory living may become less desirable as parish rectories become less like residences and more like offices to accommodate lay ministry staff and volunteers. A more far reaching alternative involves setting up processes to aid and encourage current priests to buy their own housing now so as to be better prepared for retirement. Diocesan housing policies currently allow optional housing arrangements for active priests in 28% of dioceses. Likewise, for those near or at retirement, assistance to make a down payment into housing or are retirement community residence may be more cost effective.

Dioceses, led by their bishops, appear to be providing the best for their retired priests within the limits of diocesan resources. Expensive living costs in some parts of the country intensify the burdens retired priests face. At least half of the dioceses conduct annual collections to address the needs of retired priests. Helping retired priests cope with rising living costs will become increasingly difficult for dioceses as the numbers of retired priests continue to expand in the future.

Laity in Support of Retired Priests in reviewing the “Laborer is Worthy of His Hire” feels the following retirement issues need further study.

**PORTABILITY:**

Portability gives participants the ability to transfer their pension benefits to another diocese pension fund.

121 Dioceses do not provide portability, 22 dioceses provide limited portability while 7 provide general portability.

**VESTING:**

Vesting gives participants a legal right to at least a partial benefit after a certain number of years.

The average vesting, the range of vesting schedules, showing numbers of dioceses in each range with 14 years to vest on average.

Up to 5 years to vest – 11 dioceses  
5 to 10 years to vest – 44 dioceses  
10 to 20 years to vest – 28 dioceses  
20 to 25 years to vest – 17 dioceses  
25 to 40 years to vest – 11 dioceses

**SOCIAL SECURITY:**

Retired priests are independent contractors and as such responsible for all social security taxes except in the case where 53 dioceses provide a social security allowance, 70 dioceses do not provide it. Most priests now belong to social security.

The level of social security income is difficult to determine due to the many variables, however, due to their low income it is assumed to be low as compared to the income of secular retirees.

**HOUSING:**

About 50% of dioceses provide retirement homes whose capacity ranges from 13 retirees to over 50 retirees and an occupancy rate of 76%. The cost to the retiree is approximately \$7,338.

97 dioceses permit retirees to live in the rectory provided it is negotiated with the pastor. Many priests prefer their own condo or apartment.

### **LONG TERM HEALTH CARE:**

30 dioceses do not provide long term health care, 71 handle on a case by case basis, 36 purchase long term care and 45 diocesan/priest fund covers the cost.

### **CONTINUING EDUCATION AND SEMINARS:**

53 dioceses pay for an annual retreat for their retired priests and 10 dioceses pay for continuing education expenses.

### **PENSION INCOME:**

The average pension income is \$18,149 (2007) which varies with each diocese. There is no national uniformity for diocesan pension or benefit plans.

The average cost of living expenses for retired priests is estimated to be \$32,119.00.

### **SAVINGS PLANS:**

23 dioceses have some form of tax sheltered savings plan, i.e., 401K or 403B in which priests can participate.

### **HEALTH INSURANCE, DENTAL, VISION, PRESCRIPTION DRUGS, ANNUAL PHYSICAL:**

All dioceses provide general health benefits. It is not possible to determine the various type of benefits for specific benefits, i.e., dental, vision, etc.

### **NORMAL RETIREMENT AGE:**

The average retirement age is 70 years while many are as high as 75 years of age.

Early retirement average age is 66 years with a limited number having the opportunity to earlier retirement either because of personal desire or lack of opportunity.

### **AUTO ALLOWANCE:**

22 dioceses provide an auto allowance averaging \$1,443 per year.