

RETIREMENT POLICY

PRIESTS OF THE DIOCESE OF SPOKANE

At the present time, the Retirement Policy for priests of the Diocese of Spokane is under review by the Presbyteral Council, as was discussed at the Council meeting of March 21, 2019. The **Retirement Plan Agreement** constitutes a portion of the more comprehensive Policy. This Agreement, originally adopted under Bishop William Skylstad in 1991, has been revised and adopted. The Agreement defines the financial provisions of the Retirement Policy and other considerations relating to retirement. Until a more comprehensive Policy is developed, the **Retirement Plan Agreement** effectively constitutes the priests' retirement policy and is incorporated into the Diocesan Policy Manual as such.

Rev. Mark F. Pautler
Chancellor
April 1, 2019

RETIREMENT PLAN AGREEMENT

FOR THE PRIESTS OF THE DIOCESE OF SPOKANE

This agreement is made and entered into by and between the CATHOLIC BISHOP OF SPOKANE, a corporation sole, and the priests of the Diocese of Spokane, by and through the Presbyteral Council of the Diocese of Spokane. It supersedes any previous Agreement, by the date of its signing by the Bishop and the chair of the Presbyteral Council.

RECITALS

A. Parties: The Catholic Bishop of Spokane is a corporation sole, duly organized and qualified under the laws of the State of Washington. He is the duly appointed Ordinary for the Diocese of Spokane ("Diocese"). The priests of the Diocese are represented by and through the duly appointed and/or elected officers of the Presbyteral Council of the Diocese, who are recognized by the Bishop as having the authority to enter into this agreement on behalf of the priests of the Diocese.

B. Effective Date: This agreement, which restates and amends the Retirement Plan Agreement between the parties entered into on March 8, 1991, is effective upon the date of signing [March 29, 2019].

C. Purpose: This Plan creates a legally binding agreement to provide retirement, disability and related benefits for priests of the Diocese in accordance with the Retirement Policy of the Diocese. [cf. Diocesan Policy 2.02.04]

NOW THEREFORE, for and in consideration of the priests' service in the Diocese and the mutual covenants herein, the parties agree as follows:

ARTICLE I. Eligibility

1.1 Participation by incardination: Every priest incardinated in the Diocese shall be eligible to participate in the priests' retirement program of the Diocese, according to the terms of this Agreement and the Retirement Policy.

1.2 Non-Incardinated Priests: Any non-incardinated priest serving in the Diocese is not a participant in the retirement program. However, in the event that a priest seeks incardination and is subsequently incardinated, all service in the Diocese prior to incardination shall be credited to him as if he were incardinated as of the initial date of service. A document agreed to and signed by the Bishop and the priest confirms the date from which the priest accrues retirement (cf. *infra* 4.5).

ARTICLE II. Retirement

2.1 Ordinary Retirement: Ordinary retirement is defined as termination of pastoral responsibility and assignment, officially declared by the Bishop at any time after a priest reaches the full retirement age or normal retirement age as defined by the Social Security Administration (cf. <https://www.ssa.gov/planners/retire/retirechart.html>). The actual date of retirement for purposes of this Agreement shall be determined by mutual agreement between the Bishop and the retiring priest.

ARTICLE III. Vesting

3.1 Vesting Rights: Vesting is the right to earn a non-forfeitable accrued benefit. Vesting begins after a priest has completed two years of service in the Diocese. Commencing with the third year of service, vesting is earned at the rate of 20% per year of service. Thus, after seven (7) years of service, a priest is fully vested in his accrued benefit. (For example, at the end of seven (7) years of service, a priest would be fully vested in 23.1% of the defined annual benefit and would then continue to accrue vested benefits as set forth in Article IV below.)

ARTICLE IV. Benefit Accrual and Payment

4.1 Benefit: The benefit in the retirement program is a defined benefit, calculated on an annual basis, but paid monthly. The benefit may be adjusted from time to time by the Bishop in consultation with the Presbyteral Council on the recommendation of the Priests' Retirement Committee. The Bishop cannot change the benefit without the consent of two-thirds of the members of the Presbyteral Council.

4.2 Accrual of Benefits: A priest accrues the benefit at the rate of 3.3% of the defined annual benefit per year of service (including years of service as a transitional deacon). A priest serving in a ministry within or outside of the Diocese that is not immediately governed by the Bishop of Spokane (e.g. hospital or military chaplaincy, a position at Gonzaga University or in a seminary outside the diocese) may accrue benefit in the Retirement Program through contributing 15 percent of his base salary to the Priests' Retirement Fund. According to circumstances, the Bishop may negotiate a specified amount to be paid by the employing entity to the Retirement Fund; or in some instances such as missionary service or a program of studies assigned by the Bishop, the contribution may be waived without loss of accrual of benefit.

4.3 Maximum Accrued Benefit for Ordinary Retirement: The maximum accrued benefit is 100% of the defined annual benefit. The benefit will not continue to accrue after a priest begins to receive a benefit under this program.

4.4 Additional Accrual after Retirement Age: Any priest, who has accrued 100% of the defined annual benefit by his retirement age, and who continues to serve in assigned ministry, shall accrue additional benefit at 3.3% of the defined annual benefit for each year of service after his full retirement age (cf. 2.1 *supra*). Such additional accrued benefit shall be added to the defined annual benefit in determining the priest's benefit at his date of actual retirement. Those under the "Age Seventy (70) Rule," may receive additional accrual after completing 30 years of active ministry in the diocese.

4.5 Age Seventy (70) Rule: Any incardinated priest who has not completed thirty (30) years of service in the Diocese of Spokane by age seventy (70) will at age seventy (70) be eligible for 100 percent of the defined annual benefit, unless at the time of incardination the Bishop and the priest have agreed by means of a signed document to other terms for benefit accrual (cf. also 1.2 *supra*).

4.6 Discontinuation of Service in the Diocese of Spokane: If a priest vested in the retirement program leaves ministry or incardicates in another diocese, the Diocese will pay out the benefits (amount to be negotiated on a case by case basis with the Priests' Retirement Committee) to the priest or receiving diocese in order to have clear legal and economic separation with the priest.

4.7 Payment of Retirement Benefits; Except as otherwise provided herein, the benefit at retirement is paid as calculated by the Fiscal Services Office of the Diocese and as approved by the Bishop as of the date of retirement and monthly thereafter on the first day of each month for the life of the priest (but cf. 7.4 *infra*).

ARTICLE V. Determination of Service

5.1 Definition of Service: Actual calendar days in assigned ministry shall be used to determine dates of service and length of service in calculating each "year of service" for vesting and accrual purposes. It takes an actual 365 days in assigned ministry to earn a year of service. A partial year of service will not count toward either vesting or benefit accrual.

ARTICLE VI. Funding

6.1 Diocesan Funding: The Bishop shall have responsibility for and agrees to pay the benefits required under and pursuant to this agreement. It is expressly understood that, for taxation purposes, this retirement plan is unfunded.

6.2 Priests' Retirement Fund: The Bishop shall require every institution of the Diocese (e.g., parish, school, seminary, retreat center, chancery, etc.) served by a priest incardinated in the Diocese to contribute a specified monthly payment to the diocesan Fund for priests' retirement. This is a defined amount that varies from place to place as calculated by the Fiscal Services Office.

6.3 Catholic Foundation: The Catholic Foundation of Eastern Washington holds Endowments established to support priests' retirement. *Additional endowed or trust funds are held by the Catholic Charities Foundation and the Trust for Retired Priests in the Mission Dioceses Fund of the Catholic Extension Society. At the present time, the Diocese draws income from the Priests' Retirement Endowment and the Priests' Retirement Campaign Endowment (Grateful Hearts) of the Catholic Foundation. There are two other endowments in the Foundation, (Chastek and Bishop Topel). These endowments, the Trust in the Extension Society and the Endowment in Catholic Charities are not utilized at the present time.*

It is the intent of the parties that all monies received from whatever source (other than parish/institution assessments) for support of the retirement of priests be placed in the Priests' Retirement Endowment of the Catholic Foundation. Income from this endowment will be received quarterly by the Diocese for payment of retirement benefits as required under this agreement.

ARTICLE VII. Special Benefits for Priests

7.1 Semi-Retirement: When a priest has reached an age where, in his judgment and in the judgment of the Bishop, full responsibility for a ministerial assignment is not in his or the Diocese's best interest, the Bishop may arrange with the priest an assignment of semi-retirement. In such an assignment, the Diocese, by direction and calculation of the Bishop, will assist the parish or institution in question in providing for normal compensation for the priest according to the Priests' Compensation Policy. After reaching his full retirement age, a priest who is still serving in a semi-retirement assignment can choose to receive his vested and accrued retirement benefit as well as semi-retirement compensation by mutual agreement with the Bishop.

7.2 Disability Benefit: An incardinated priest, regardless of age, who is judged fully disabled by the Bishop is eligible for full retirement and payment of the maximum defined annual benefit as of a date determined by the Bishop. The status and entitlement to retirement benefits for a priest partially disabled will be as determined by the Bishop. Disability status may be reviewed year-to-year by the Bishop and the Personnel Board of the Diocese and professional assessment may be sought to assist the Bishop in such a determination.

7.3 Medical Insurance Benefit; Any priest receiving a benefit under the retirement program of the Diocese shall also be eligible, at Diocesan expense, for coverage under the medical and dental insurance provided for priests of the Diocese. Priests who are receiving retirement benefits and who reside outside of the United States, e.g., in Europe, shall have the option to have the above-stated coverage or to receive, in lieu of coverage, an amount equal to that which would have been paid for coverage. This amount will be added to and paid along with the monthly retirement benefit.

7.3.1 The Diocese will pay for a retired priest's Medicare Supplement but does not pay for Medicare Part B.

7.3.2 Retired priests will have the same out of pocket expense cap as indicated in the policy for active duty priests: "Upon presentation of documentation to the Vicar for Finance, the Diocese will provide reimbursement to the priest for medical or dental expenses if, under the terms and within the fiscal year of the Diocese, the priest is required to pay medical or dental expenses in excess of one month's salary." For the retired priest, this means "in excess of one month's retirement benefit" and will be calculated based on the calendar year.

7.4 Special Care or Nursing Home Benefit: In the event that a priest, who is participating in the retirement program, requires specialized residential care that costs more than the Diocesan monthly retirement benefit, the Diocese will discontinue payment of the retirement benefit and instead pay the higher residential cost directly to the provider. Additionally, the Diocese will pay for medications and therapy not covered by either the residential fee or by insurance. This provision applies both to retired and disabled priests. The priest retains his Social Security benefits and is responsible for other personal expenses. At any time that the benefit covered under this section is put in effect, the priest agrees to give a durable power of attorney to the Diocese, or to a designated person, or the Diocese will have the right to seek guardianship over the affairs of any priest in a specialized care facility.

7.5. If a priest opts to have in-home nursing care, the Diocese will provide a supplement to help defer related costs. The value of the supplement will be negotiated on a case by case basis.

7.6 Review of Special Benefits: Depending on the individual circumstances, the special benefits provided under Article VII are subject to review and modification by the Bishop.

ARTICLE VIII. Miscellaneous Provisions

8.1 Existing Retirees: Those priests who have officially retired and are receiving benefits from the Diocese as of the effective date of this agreement will continue to receive those benefits, subject only to any change in the defined annual benefit under Section 4.1 and to the provisions of Article VII above.

8.2 Retroactive Application of this Agreement: No part of this agreement will apply to priests who have left ministry or left the service of the Diocese or who have retired without permission of the Bishop prior to the effective date of this agreement. Except as otherwise provided in this agreement, benefits are not retroactive.

ARTICLE IX. Priests' Retirement Committee

9.1 A group of priests will be selected to serve on the "Priests' Retirement Committee." The Committee will serve as a consultative body to the Bishop or his delegate regarding the retirement policy and as an aid in overseeing the implementation of its provisions in this Retirement Agreement. Its membership will be determined in the following manner:

9.2 The elected members of the Committee shall be four (4) in number. The initial members shall be three Directors of the now discontinued Priests' Retirement and Aid Association with a fourth to be elected at a meeting of the Presbyterate. Subsequently, the priests from PRAA shall depart from the Committee in successive years according to seniority by years of ordination, to be replaced by a new member elected at an annual meeting. Appointed members of the Committee shall be two (2) in number and shall be appointed by the Bishop from the Presbyterate. One of the appointed members is to be drawn from the senior priests of the Diocese.

9.3 The term of elected Committee Members shall be staggered so that a new member is elected each year. The term of each elected member will be four years. An elected Committee Member may only serve two consecutive terms; however, he may be re-elected after one year has lapsed. The Bishop freely designates and replaces appointed members.

9.4 All vacancies in the elected members of the Retirement Committee, whether caused by resignation, death or otherwise, may be filled by the remaining members. They would both nominate and elect the new member by means of a majority vote of the remaining members, even with less than a quorum of the Retirement Committee. A member elected to fill any vacancy shall hold office for the unexpired term of his predecessor.

9.5 A majority of the Retirement Committee shall be necessary and sufficient at all meetings to constitute a quorum for the transaction of business.

9.6 The Committee will meet with the Bishop at least annually to review this Agreement.

9.7 The Committee may develop statutes that more precisely define its structure and mode of operation.

Article X. Amendments and Interpretation

10.1 Amendment: The parties to this Agreement may amend the Retirement Policy and this Agreement from time to time by an instrument in writing signed by the parties to this Agreement; provided, however, that no such amendment shall reduce or deprive any priest of a benefit vested and accrued under the terms of this Agreement.

10.2 Resolution of Ambiguities: All questions regarding the meaning and terms of either the Retirement Policy or this Agreement will be resolved by the Bishop.

CATHOLIC BISHOP OF SPOKANE

By: (Signed by)
MOST REVEREND THOMAS A. DALY

PRESBYTERAL COUNCIL OF THE DIOCESE OF SPOKANE

By: (Signed by)
REVEREND KEVIN OILAND
CHAIR, Presbyteral Council

By: (Signed by)
REVEREND PAUL HERIC
VICE CHAIR

I hereby testify to the authenticity of the foregoing instrument in accord with canon 483.1.

Signed by
Reverend Mark F. Pautler, Chancellor

Diocese of Spokane on this 29 day of March, 2019.

(The original document in on file in the Office of the Chancellor)

RETIREMENT COMMITTEE

Article IX of the Retirement Plan Agreement calls for establishment of a Retirement Committee constituted by six members of the presbyterate, four elected and two appointed. This Committee is in the process of organization.

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9.2 The elected members of the Committee shall be four (4) in number. The initial members shall be three Directors of the now discontinued Priests' Retirement and Aid Association with a fourth to be elected at a meeting of the Presbyterate. Subsequently, the priests from PRAA shall depart from the Committee in successive years according to seniority by years of ordination, to be replaced by a new member elected at an annual meeting. Appointed members of the Committee shall be two (2) in number and shall be appointed by the Bishop from the Presbyterate. One of the appointed members is to be drawn from the senior priests of the Diocese.

As of October 14, 2019 the constitution of the Retirement Committee is:

- Rev. Eugene Tracy Serving to September, 2020
- Rev. Matthew Nicks Serving to September, 2021
- Rev. Curtis Seidel Serving to September, 2022
- Rev. Victor Blazovich Elected Sept. 2019-Sept. 2023
- Rev. Robert McNeese Appointed, September 2019
- Msgr. Robert Pearson Appointed, October 2019

An elected member serves a term of four years (9.3).