

# Can Priests Retire With Dignity?

By MICHAEL TEGEDER

**I**N AN ARTICLE IN *AMERICA* last September ("Will We Ever Have Enough Priests?" 9/13/97), the Rev. Robert G. Kennedy suggested that there is no "critical shortage" of priests in the United States. I have numerous questions about Father Kennedy's article, but I want to focus here on the way the clergy shortage is covered up by the growing lack of a dignified option for priests to retire. As a head of human resources here in the St. Paul-Minneapolis Archdiocese has stated, "Face it; they don't want you [priests] to retire." This was confirmed in the recent Vatican document, "On Certain Questions Regarding the Collaboration of the Non-Ordained Faithful in the Sacred Ministry of Priests," which instructs bishops to exercise "special prudence" in deciding whether priests can retire at age 75, in light of those situations where there is a scarcity of priests. For more and more priests, especially those of the baby-boom generation, the retirement options are very poor. Ever increasing demands are placed on us to work. Social Security is being cut back and typical pension benefits are bad, especially in comparison to other clergy and our own lay employees. I will focus on the pension concerns of priests in the Archdiocese of St. Paul and Minneapolis, but the concerns are similar throughout the United States.

Archdiocesan priests, if they are to receive a full pension, have a normal retirement age of 70. The benefit is \$900 per month or \$10,800 per year. The Archdiocese recommends that priests begin to collect Social Security at age 65 or even 62. At age 65 most priests would receive \$400 to \$600 per month, or \$4,800 to \$7,200 per year. The combined retirement benefits of pension and Social Security would be \$15,600 to \$18,000 per year at age 70. If a priest is given special permission by the Archbishop, he can retire at age 65. For taking this early retirement there is a 30 percent penalty in his pension benefit, which then

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would be \$630 per month or \$7,560 per year. The combined pension and Social Security benefits would then be \$12,360 to \$14,760 per year.

**T**HE LUTHERAN CHURCH has a significant presence in Minnesota. According to data from the Minneapolis-based clergy pension department of the Evangelical Lutheran Church in America, their average minister retires at age 65 with a combined Social Security and church-provided pension of \$36,000 per year. This is well over twice the combined benefits that priests in our Archdiocese receive when we are allowed to retire at age 70. If we get permission to retire early at age 65 there is the 30 percent

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penalty in our pension. Then our combined benefit is about one third that of the average E.L.C.A. minister. In addition to their own benefits, it is usual that married ministers (as well as diocesan lay employees) have spouses who are employed in occupations enjoying market-rate wages. They will then, in retirement, have additional income from their spouses' plans. Even if the spouse does not work outside the home, additional Social Security income is provided from the spousal benefit.

Other denominations also provide much better pensions for their clergy. Most importantly, they have the protection of pension plans that are vested and portable. Money is set aside for them in their own personal accounts. A local consulting company our Archdiocese uses to determine lay salaries makes a yearly rating of church employee compensation. The average sum per clergyperson that is reported for non-Catholic clergy's yearly pension contribution is well over \$8,000. This is retirement money that is usually controlled by the clergyperson and will only be used for the benefit of the clergyperson and any spouse and dependents. In contrast, our priest pension contributions are needed in part to pay for current retirees.

**T**HE CATHOLIC CHURCH in the United States has been playing catch-up in the area of lay employee compensation. There has been some progress in recent years. Of course, lay employees retire at age 65 with no penalty. In addition to their pensions, lay employees in our Archdiocese also receive additional tax-deferred annuity benefits that priests are not given. These T.D.A. benefits are designated for the employee only. They do not have to make a personal contribution from their own money to receive these benefits, unlike priests who would participate in the same plan. The lay employees and their representatives on the Archdiocesan Pension Board are looking after their retirement needs in a realistic manner. It is not unusual for employees on parish staffs to have projected combined benefits of over \$40,000 per year when they retire at age 65 after as few as 25 years of service in our Archdiocese. Most full-time lay employees at many parishes are projected to receive much better retirement compensation at age 65 than their pastors will receive at age 70.

This discrepancy does not even end at death. Archdiocesan lay employees are provided without cost a life insurance policy to be paid out to their designated beneficiaries. The life insurance policy provided for our priests is paid out to the Archdiocesan seminary at our deaths. When I questioned a diocesan official about this policy, he asked who my beneficiaries might be? Well, maybe not the seminary.

Wayne Martin LeNell, the secretary for finance and administration for the Diocese of Rockford, Ill., has written a small booklet for the National Federation of Priests' Councils titled "The Unique Retirement Status of Priests." He suggests that pension benefits are not paid in a manner that takes into account the needs of priests in retirement. Retired

priests face a substantial reduction in income. But living expenses actually increase. He states that "we must not succumb to comparisons of post-retirement needs of the laity." "Priests have already taken the cut as reflected in lower salaries throughout their ministerial careers. They cannot afford another reduction in income in retirement.... Very low lifetime earnings equate to very low lifetime Social Security benefits." LeNell concludes: "When considering the levels of pension and Social Security benefits, priests would be wise to save for their retirements. The question obviously becomes, from what shall a priest save?"

Social Security is undergoing analysis and public scrutiny. Security benefits are being significantly reduced for future retirees, especially clergy, because we have a unique dual tax status. Clergy, for income tax purposes, are considered by the I.R.S. to be employees. But, unlike church and non-church lay employees, they are held to be self-employed for Social Security purposes and therefore pay 100 percent of the FICA tax. When I was ordained in 1978, this tax was 8.1 percent of gross adjusted earnings; it is now 15.3 percent. Priests are now paying much more into Social Security and enjoying it less!

Unfortunately, like Social Security, our pension program, which started in 1969, has functioned as a pay-as-you-go plan. We too face a large unfunded liability. About 50 percent of what is actually needed to meet its current liabilities is in the priest plan (our more generous lay employee pension plan, started in 1973, is now funded at 175 percent of its current liabilities). In addition to grandfathering many priests into the plan in 1969, using the pension for disability payment needs and including priests who incardinate or are ordained at a later age, we now face the fact that the plan began with about 400 active priests paying into it, while now there are 254. Also, just as funds collected for Social Security have been used for other purposes, funds meant for priests have been left unprotected from lawsuits and have been used to pay off other liabilities. Furthermore, U.S. dioceses have chosen to take advantage of an exemption for churches from coverage under ERISA, the Federal statute that protects the retirement income of many employees. Our current plan's underfunding would not be allowable under the Government's strict regulations, nor would our plan's statement that it can be terminated or cut back at any time.

**A**NOTHER RETIREMENT CONCERN is housing. Most priests have no equity in housing, unlike other clergy and lay employees, and so will incur greater housing expenses in retirement. Our Archdiocese opened a retirement home for priests some years after many of the presently active priests were ordained. The priests who reside there are charged \$850 of their \$900 monthly pension. The money paid by the priests covers most of the operating expenses, but the Archdiocese provides an annual subsidy. This seems to work well for some priests, but it was not an expectation at the time they were ordained, and many priests would not want to live there.

Priests interact in their day-to-day work with a great variety of people in parish work, both men and women. Many priests would not choose to spend the last years of their lives in a semi-monastic setting.

There are exceptions to the poor retirement status of Catholic priests. Military chaplains retire with adequate pensions, as do priests serving in other governmental institutions, like prisons. Some priests serving in diocesan positions, such as Catholic Charities, which are budgeted for a lay person's salary, also get market-rate compensation, with better retirement benefits. And a growing number of priests negotiate special compensation, where they can save more and put more into Social Security. The hierarchy allows this or at least is not willing to make waves. Nobody is getting rich, but a scandalous inequality sets in.

As priests of the baby-boom generation look to the future, there is the prospect that church leaders will have less incentive to deal with these retirement concerns. If retirement arrangements are made more realistic, more priests will retire at an earlier age. The priest shortage will be greatly intensified. Apparently the Vatican in its recent instruction takes this to the ultimate conclusion that priests should not expect ever to retire. It is apparent that the people who allocate priests believe there is a shortage of priests. But denying retirement only buys a little time, and that at the expense of some very generous and overworked priests. The crunch will only get worse. It is unjust to try to fix the problem by not addressing the real issues.

The Third Age Center at Fordham University, Bronx, N.Y., which has done pioneering work on aging issues, has recently published a research report, "The Diocese and Its Aging Priests: Agenda and Recommendations." The report calls retirement a concept "that is both in flux and has the potential for increased tension in the church and priesthood." The commentary goes on to note that "the traditional societal view which equated retirement with disability has given way to that of it being a person's entitlement to some leisure while well, based on past contributions to society." It adds that there is "a large and growing sentiment among priests to this latter view." Of course, priests are just reflecting the assumptions and expectations of our larger society. There is a new insight into the human life cycle. Our modern societies provide the opportunity to have a "third age" after one has made a contribution during an active career. This is a time for reflection and discovery

of new dimensions in one's life. Given the demands that priests face today, this "third age" is well deserved.

**D**IOCESAN PRIESTS, who do not take the vow of poverty, are expected to be able to support themselves. Although our salaries are low, so are our living expenses. But this low salary level limits our opportunity to save for retirement. In retirement the needs we have will not differ from those of other clergy and lay employees. In fact, priests will have greater financial needs. There is a justice issue to be addressed here. The bishops of the United States have been taking up an annual collection for the last 10 years to help fund the retirement needs of retired members of religious communities. The bishops this past November decided to continue the collection for another 10 years. (Ironically, many people in the pews believe that these funds are also used for diocesan priests.) Diocesan priests should not have to rely on such charity. They deserve to have a time of retirement starting at an age typical for one's society and funded in a manner similar to their peers in ministry. ■

## The Death of My Mother

*Pain she had none now, after eight births  
no regrets, except those balls of dust  
beneath the bed. And in a hospital!  
With a vagrant mop the maid had left  
against the wall she made a frontal charge while  
on her back: with a one-armed backhand she reached  
below the bed and in a single swoop  
she vanquished them; depleted, she rested now.  
At three the children gathered for the end.  
Her daughter at the foot, five sons  
around her, and my father praying at her side,  
she faded in and faded out. As my sister  
came in focus "Mary, stand up straight,"  
she snapped.—On second thought, if pressed, she would  
admit to one small deep regret:  
"I will never wear my new yellow dress."  
And she was gone.*

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