



Gallagher Religious/Nonprofit Practice Group
a Division of Gallagher Benefit Services, Inc.

The Development of a Just, Minimum, Equitable,
Uniform Pension and Benefit Plan for
Retired Diocesan Catholic Priests

A report for
Laity in Support of Retired Priests, Inc.

Prepared by:
Gallagher Benefit Services, Inc.
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Gallagher Benefit Services, Inc.
thinking ahead

Acknowledgement

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Executive Summary

The Laity in Support of Retired Priests, Inc. (LSRP), an organization dedicated to the enhancement of the life for priests in their retirement years, recognizes that there is wide latitude in diocesan retirement practices for priests. Retirement benefits range from the most basic level to comprehensive programs fully providing for the needs of retired priests. Some of the more basic arrangements leave retired priests short of the benefits or funds needed for adequate support.

Recognizing that there is a need for the development of a just, minimum, equitable and uniform pension and benefit plan for retired diocesan priests, the LSRP, through a grant from the Retirement Research Foundation, retained Gallagher Benefit Services, Inc., a division of Arthur J. Gallagher Company, to assist in the development of a “Model Plan”. This report reviews data, outlines the needs and recommends a “Model Plan”, designed in a format similar to the *“Guidelines Regarding the Retirement of All Bishops”* as approved by the full body of bishops at their November 2005 General Meeting.

Gallagher Benefit Services, Inc. would like to thank the Laity in Support of Retired Priests for this opportunity to assist in the development of a plan to provide for the well being of retired diocesan priests in a fashion consistent with their lifetime of service and dedication to the Church. We look forward to continuing in the

development and implementation of recommendations made in this report.

Please feel free to direct questions or comments to:

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Forward:

Gallagher Benefit Services, Inc. is pleased to provide this report to the Laity in Support of Retired Priests, Inc. This report was developed in response to LSRP's request for assistance in the development of a model program for a minimum, equitable, uniform pension and benefit plan for retired diocesan priests. In the development of this report we reviewed a number of excellent studies and publications related to this topic, such as:

- *The Laborer is Worthy of His Hire* authored by William P. Daly, Surveys Director for The National Association of Church Personnel Administrators (NACPA) and published by the National Federation of Priests' Councils (NFPC);
- *Issues Concerning Retirement for Diocesan Priests*, A report for Laity in Support of Retired Priests, Inc., and published by the Center for Applied Research in the Apostolate (CARA);
- *The Unique Retirement Status of Priests*, authored by Wayne Martin LeNell, C.P.A., Ph.D and published by the National Federation of Priests' Councils (NFPC);
- "A Review of Mortality Research on Clergy and Other Religious Professionals" published in the *Journal of Religion and Health*.

In addition, we discussed various topics related to the issue with a number of priests, diocesan personnel as well as the insurance and retirement plan market place.

One of the conclusions we drew from this review process was that there is a great deal of high quality survey data and analysis of the economic and benefit status of retired diocesan priests. There is recognition that the majority of retired priests are satisfied with their current status however there is concern about future expenses for long term care and adequate income for daily activities. There is also concern for those priests whose remuneration does not adequately provide for their needs in retirement. It is with this in mind that we take the next steps to

identify programs and representative costs to provide a model program for a minimum level of benefits for retired diocesan priests.

The following pages provide discussion and representative costs associated with a retired diocesan priests' health care expenses, long term care facility expenses and monthly income for daily activities. We also have included discussion on ideas of how to fund a model program as well as what impact federal legislation may have on future needs.

It is our hope that these pages and the ensuing discussion will be of assistance in determining an appropriate course of action.

Health Care Expenses

Almost all diocesan priests participate in Social Security and are entitled to Medicare. However, Medicare doesn't cover everything and a Medicare beneficiary often experiences significant out of pocket expenses. For example:

Medicare Part A helps pay for “medically necessary” care that involves an inpatient stay in the hospital. Part A also helps pay for a stay in a skilled nursing facility as follow up to a hospital stay, hospice care for the terminally ill and some home health care. But, if you are hospitalized for a long period of time (over 90 days at one time), there are limits on the number of days of care Part A will help pay for. Part A doesn't help with the cost of “custodial care” or care that helps with the activities of daily life, like eating, bathing or getting dressed. And, there is significant cost sharing for services Part A does pay for, such as a deductible of \$1,024 per hospital admission, hospital room co-pays of \$256 per day for days 61-90, and \$512 per day for days 91-120, etc.

Medicare Part B helps pay for “medically necessary” care that is not part of an inpatient stay in the hospital. This includes services like doctor's office visits, care in hospitals and clinics when you are not admitted for an inpatient stay, laboratory tests and some diagnostic screenings. There are fewer limits with Medicare Part B however it still doesn't cover everything, like the costs of custodial care. In addition there is a Part B deductible of \$135 per year and co-insurance of 20%. Part B is voluntary but most people sign up when they first become eligible. Premiums range from \$96.40 to \$238.40 per month based on income and can be automatically deducted from Social Security benefits.

Medicare Part D helps pay for prescription drugs. But there are levels of cost sharing until the individual has paid \$4,500 out of pocket in a single year. In addition there may be limits on the type of drugs that can be obtained. Medicare

Part D coverage is voluntary with the premium averaging around \$35.00 per month.

According to *The Laborer is Worthy of His Hire*, in 25% of the dioceses, priests received less than 80% of estimated income needed for retirement living in their diocese. These priests would find it difficult to meet the out of pocket expense left uncovered by Medicare.

Some dioceses reimburse their priests for the out of pocket expenses referenced above through a group insurance program, a Medicare supplement or a Priests' fund (either formally or informally funded). Other dioceses do not provide reimbursement for these out of pocket expenses resulting in some priests ultimately becoming Medicaid recipients. For those dioceses that do not provide reimbursement as well as those who informally fund a program to reimburse these expenses, we would suggest implementation of a diocesan paid Medicare Supplement (Medigap) program along with a prescription drug program. For that matter, even dioceses who do fund these expenses may find that a Medigap program would be less expensive. There are twelve different Medigap plan designs available and pricing is based on geography. Following are descriptions of the different plan's benefits as well as average pricing. Also following is a chart showing several Medicare Prescription plans. These are programs available through AARP that could be made available on a group basis by the diocese.

2008 AARP MEDICARE SUPPLEMENT PORTFOLIO

PLAN	A	B	C	D	E	F	G	H	I	J	K3	L4
Basic Benefits:												
<u>Hospitalization:</u> Part A coinsurance + 365 additional days after Medicare benefits end												
<u>Medical-Expenses:</u> Part B coinsurance	X	X	X	X	X	X	X	X	X	X	1	2
<u>Blood:</u> First three pints of blood each year: First three pints of blood each year												
Part A Deductible		X	X	X	X	X	X	X	X	X	50%	75%
Skilled-Nursing			X	X	X	X	X	X	X	X	50%	75%
Foreign-Travel Emergency			X	X	X	X	X	X	X	X		
At-Home Recovery				X			X		X	X		
Part B Deductible					X					X	X	
Preventive Care					X					X	X	
Average Monthly Premium (2008 nationally weighted averages)	\$112	\$146	\$172	\$157	\$161	\$171	\$161	\$158	\$166	\$178	\$79	\$13

1 -100% of Part A Hospitalization Coinsurance plus coverage for 365 days after Medicare Benefits end

- 50% Hospital cost-sharing
- 50% for Medicare-eligible expenses for first three pints of blood
- 50% Part B Coinsurance, except 100% for Part B Preventive

2 - 100% of Part A Hospitalization Coinsurance plus coverage for 365 days after Medicare Benefits end

- 75% of Hospital cost-sharing
- 75% for Medicare-eligible expenses for first three pints of blood
- 75% Part B Coinsurance, except 100% for Part B Preventive

2008 Annual Out-of-Pocket amounts for plans K & L

3 - \$4,440 out-of-pocket limit, indexed to Medicare costs (PLAN K)

Specifics on AARP MedicareRx Plans

Plan Details	AARP MedicareRxSaver	AARP MedicareRx Preferred	AARP MedicareRx Enhanced
Premium Range	\$20.60 - \$34.9	\$26.60 - \$38.30	\$58.90 - \$71.40
Annual Deductible (must be satisfied first)	\$275.00	\$0	\$0
Tier 1	\$5.00	\$7.00	\$7.00
Tier 2	\$20.00	\$30.00	\$30.00
Tier 3	\$49.50 - \$51.10	\$69.15 - \$80.70	\$69.15 - \$80.70
Specialty Tier	25% coinsurance	33% coinsurance	33% coinsurance
Coverage Gap	No Coverage	No Coverage	Coverage for Tier 1 Drugs Copoly Applies
Formulary Drug List	Includes every brand-name drug, or its generic version covered by Medicare Part D	Includes 100% of the drugs covered by Medicare Part D	Includes 100% of the drugs covered by Medicare Part D PLUS Bonus Drug list and additional coverage while in the coverage gap*

*Bonus Drug list includes over 100 drugs not covered by Medicare Part D.
Additional Coverage while in the coverage gap applies to Tier 1 drugs (copays apply)

Health Care Expenses - Summary

If a diocese were to make available the most comprehensive Medigap and Medicare Rx plan, the average cost per retired priest would be about \$250 per month or \$3,000 per year. The retired priest would be required to have Medicare Part B which costs about \$96.40 per month. As such the most comprehensive coverage would be under \$350 per month or \$4,200 annually. This is significantly less than what many dioceses are paying for these benefits through their group plan or fund. Those dioceses that are including retired priests on their group plans, or providing benefits out of a separate fund may be better served with a Medigap program.

It should also be noted that a minority of priests may have opted out of Social Security and therefore are not eligible for Medicare A or B. Medicare can be purchased for those individuals.

Long Term Care Expenses

Two upward trends - the increasing number of retired priests and the rising cost of long term care - are expected to have major implications in the overall cost of providing for retired priests. Long term care is defined as custodial care when a person requires assistance with activities of daily living (commonly referred to as ADLs) or has significant cognitive impairment. Based on the **UNUM Long Term Care Cost Survey**, August 2008, average annual long term care costs nationwide are:

Nursing home (private facility)	\$74,365
Nursing home (semi-private)	\$66,367
Assisted living facility	\$38,529
Home Care	\$24,375

According to **The Metlife Market Survey of Nursing Home and Assisted Living Costs**, October 2007, average lengths of stay are as follows:

Nursing home	2.4 years average stay
Assisted living facility	2.0 years average stay
Home Care	3.0 years average stay

If the cost of long term care in 2008 was \$74,368 and the average stay is 2.4 years, the total cost of care for nursing home services alone is \$178,483 without inflation.

Given that it is the financial responsibility of the Bishop to provide for diocesan priests in infirmity, sickness or old age, long term care facility expenses can be a substantial liability. Presently many dioceses take a pay-as-you-go approach to funding these expenses. Less than 20% of dioceses provide a long term care policy to manage these expenses. Some dioceses have their own extended care facilities, others do not. In some instances those dioceses that do not have their own extended care facilities often find their retired priests forced to live in county or public facilities. **An important aspect of long term care expense is that it is generally not covered by Medicare.** As previously mentioned, according to *The*

Laborer is Worthy of His Hire, in 25% of the dioceses priests receive less than 80% of income needed for retirement living in their diocese, and this does not take into account the added expense of long term care. In many cases the priest is forced to spend down his personal assets until eligible for Medicaid. Medicaid then reimburses for long-term care expense incurred in an approved Medicaid facility. This is not an ideal solution and can have a negative impact on morale, clergy relationships and future vocations.

For the 80% of dioceses that do not provide long term care insurance to cover these expenses, doing so could actually result in savings. Most dioceses pay these expenses in some fashion to some degree on a “pay-as-you-go basis”. Formalizing this process through the purchase of long term care insurance, on a group basis, by the diocese can bring significant management and subsequent cost savings to dioceses. At the same time, group long term care insurance can provide the priests the knowledge and comfort that, should he need the services of an extended care facility, assisted living facility or some health care agency, he would have coverage for it and not be forced into a substandard facility.

The following charts outline representative benefits and costs associated with group long term care insurance.

**Long Term Care Insurance
Features and Options**

Benefit Features	Options to Choose from
Nursing Home Maximum Benefit	\$50 per day to \$300 per day
Home Care & Community-Based Benefit	50%, 75%, or 100% of nursing home benefit
Lifetime Maximum (days x daily benefit)	2, 3, 4, 5, 6, 10, 20 years or Unlimited
Elimination Period	90 days
Inflation Protection	<ul style="list-style-type: none"> • Future Purchase Option - chance to increase benefits later at new attained age (new premium) • Automatic 5% simple - level premium • Automatic 5% compound - level premium
Accelerated Purchase Option	Ability to pay premiums in advance to avoid monthly premiums later

**Long Term Care Insurance
Suggested Plan Design and Representative Pricing**

Benefit Duration	3 years
Nursing Home Benefit	\$4,500 per month (\$150 per day)
Assisted Living Benefit	\$4,500 per month (\$150 per day)
Home Care Benefit	\$4,500 per month (\$150 per day)
Elimination Period	60 days
Inflation Protection	None
Payment Option	Lifetime
Monthly Average Cost per Priest	\$140
Monthly Average Cost per Priest With 5% Inflation Protection	\$260

Important: This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. Please see your policy or contact us for specific information or further details in this regard.

Long Term Care Expenses - Summary

In the study titled *Issues Concerning Retirement for Diocesan Priests: A report for Laity in Support of Retired Priests, Inc.*, published by the Center for Applied Research in the Apostolate (CARA), priests had an opportunity to make comments. A few comments are as follows:

“My greatest fear is to have no one to care for me in my old age and/or in bad health. All of my family is deceased. Priests friends will be in similar conditions or will otherwise be very limited to help me if needed...Diocesan priests are not like religious who live within a community, but they still need regular contact and support.” - Retired priest

“We are dropped from diocesan insurance and coverage and must rely on Medicare/Medicaid. They do not help with nursing home payment coverage, meds, or other needs.” - Active priest

“What happens when a retired priest must live in assisted living or a nursing home environment? These are very expensive. Most priests my age have some retirement plan(s) in addition to Social Security and pension... We do need to look into the possibility of offering long term care insurance on a diocesan (or larger) basis.” - Active priest

In that same study as well as in *The Laborer is Worthy of His Hire* it is pointed out that, in about 35% of dioceses long term care needs are handled on a case-by-case basis with expenses paid on a pay-as-you-go arrangement. About 20% of dioceses provide insured long term care programs. About 25% of dioceses cover long term care expenses through a priests' welfare fund or mutual benefit society, which is also a pay-as-you-go arrangement. And, about 10% of dioceses rely on Medicaid which, in our view, is the least desirable alternative. The rest (10%) have no plan in place for reimbursement of long term care needs and the priest is simply on his own. In this case the priest will likely become a Medicaid recipient.

Providing an insured long term care program could go a long way toward providing for the priests in a consistent and managed fashion while at the same time potentially saving money for the dioceses that are currently reimbursing these expenses on a pay-as-you-go basis.

It would be our suggestion that each diocese purchase a group long term care program for all priests, active and retired, beginning at age 55. Using the suggested plan design previously illustrated, the average cost would be \$140 - \$260 per priest per month or \$1,680 - \$3,120 annually depending on whether inflation protection was included.

Retirement Income and Living Expenses

The publication *The Unique Retirement Status of Priests*, written by Wayne Martin LeNell, C.P.A., Ph.D and published by The National Federation of Priests' Councils begins as follows:

“The recent work of Rev. Stephen V. DeLeers, A Survey of Priests’ Compensation in the Roman Catholic Dioceses of the United States, reveals that compensation policies among American dioceses vary widely. The data summarized in charts, classified by province, allowed for 13 categories of variation, with further variations within each category. The resulting multiplicity of permutations of compensation scenarios imply that Bishops attempt to meet the unique needs of their priests during their working career ministries.”

According to *The Laborer is Worthy of His Hire*, pension payments to retired priests averaged \$18,149 in 2007-2008. In addition, survey responses indicated that 96% of retired priests received social security income that averaged just under \$8,000 per year in 2007-2008. *The Laborer is Worthy of His Hire* further states that: *“For retired priests who have housing and food support in a parish or in a diocesan retirement facility, this amount, together with social security income, appears sufficient for a comfortable retirement. For others who do not have parish or diocesan housing support, this amount, even with social security added, may not be fully adequate, since these priests begin their retirement faced with the need to provide for their own housing and other needs for the first time.”*

It is very important to point out that the above referenced pension represents an average, that is to say, there are diocesan priests who are receiving less (in some cases significantly) than this average. Also, average pension payments do not include the value of diocesan provided housing and where applicable food when such is provided directly by a diocese or a parish.

NACPA Consultant, William P. Daly, in his report *Diocesan Support for Retired Priests* states that: “Consumer expenditure data on retirees and those living in one-person households indicate that it took \$30,477 on average in 2007 to cover a full range of basic living costs in retirement (see table below). Priests entering retirement required this level of income, and more if they were paying for their housing and food for the first time. Housing and food become new, quite substantial, expenses for priests leaving a parish rectory and setting up their own household in retirement. Housing accounts for one-third of the total living expenses in a typical one-person household. Food and transportation add another one-quarter to retirement living costs, with healthcare, clothing, taxes, insurance and other miscellaneous expenses making up the balance.”

*Living Cost Averages
For U.S. - Single Male, Living Alone
Over 65 Years of Age
Sources U.S. Bureau of Labor Stats - Table 4, 2 + 41 + 8
Year 2007
(Consumer Expenditure Surveys)*

Component	All U.S.	%	Range by Region
Housing	\$11,269	37	\$9,917 ⁽³⁾ - \$13,185 ⁽⁴⁾
Food	\$3,328	11	\$3,128 ⁽³⁾ - \$3,694 ⁽⁴⁾
Transportation	\$4,539	15	\$4,130 ⁽¹⁾ - \$5,129 ⁽⁴⁾
Health Care	\$2,867	9	\$2,666 ⁽¹⁾ - \$3,096 ⁽²⁾
All Other	\$8,474	28	\$8,198 - \$9,535
Total Living Cost	\$30,477	100%	\$28,039 ⁽³⁾ - \$34,439 ⁽⁴⁾

- (1) Northeast Region
- (2) Midwest Region
- (3) South Region
- (4) West Region

Adding the average diocesan pension and the Social Security benefits together yields average annual income of approximately \$26,149. This is, on average, a shortfall of \$4,328 below what is needed to provide for retirement. *The Laborer is Worthy of His Hire* found that in about 25% of dioceses, priests received more than estimated minimum needs. In about 50% of dioceses, priests received between 80% and 100% of estimated income needed for retirement. Priests received below 80% of estimated income needed for retirement living, in about 25% of dioceses.

As referenced previously, the availability of diocesan housing or a housing allowance that provides for independent living can have a significant impact on retirement income. Even more significant, in many cases, is the availability of programs to reimburse retired priests for their out of pocket medical and long term care expenses. If these expenses are covered, the retirement income currently provided can go a lot further toward meeting the needs of retired priests.

Based on this input, it would appear that, if medical costs and long term care needs are met, on average a diocesan priest could get by with annual pension income of approximately \$22,000 per year to be adjusted for geography and lower Social Security income exceptions.

As indicated in “Diocesan Support for Retired Priests”, most dioceses provide some form of retirement or pension plan. Most dioceses provide healthcare support and over 80% of dioceses provide housing support. However, with regard to the pension plan, it would appear that in some instances income levels were not set high enough initially or have not kept up with inflationary increases in the living costs of priest retirees, hence the shortfall. This issue is particularly evident when a retired priest opts to live independently in his diocese or elsewhere and the pension benefits provided have not been set to accommodate housing and food costs.

It would be our suggestion that those dioceses that are among the 25% who are providing retirement income at less than 80% of the amount needed establish, amend or otherwise adjust their defined benefit plans or other arrangements to get to the aforementioned minimum level of retirement income. Retirement income benefits could be structured based on credited years of service with those priests serving the diocese the longest being eligible for the maximum benefit.

An argument can certainly be made that there are differences in income needs based on the geographic location of the retired priests. Adjustments based on geographic differences could be accommodated on an individual diocesan basis.

Two other areas of concern relative to retiree pension benefits include the vesting and portability of their pension benefits.

Vesting refers to the length of service after which a priest has a guaranteed right to some level of retirement benefit. Most dioceses have vesting provisions ranging from immediately vesting upon ordination to some specified number of years. It would be our suggestion that the dioceses consider adopting some common vesting schedule. For example:

Years of Credited Service	Vested % to Accrued Value
Less than 5 years	Immediate vesting at ordination or 20% per year at 5 years, 100% vested
5 Years or more	100%

Portability, which refers to the transfer of funding and/or credit to another retirement vehicle, seems to be of major importance. Some dioceses do offer portability but most appear to have limited or no portability to other dioceses. As this issue relates to defined benefit arrangements, a worthy discussion would be to establish a mechanism whereby a priest's years of service or pension amounts were credited to the pension arrangement of another diocese that the priest may transfer to. This would assure the priest of his accrued benefit based on total years of service.

We recommend that a diocese have available an IRA or 403(b) for each priest. These are arrangements that the priest can contribute to out of his own funds that can allow a buildup of savings for retirement. Naturally, the more a priest can save, the more he will be able to supplement his retirement experience. Some dioceses contribute or match some percentage of the priest's salary. Certainly the existence of such arrangements can offset the level of defined benefit needed.

We also have not addressed the legal form of diocesan pension plans for priests. This type of discussion needs to consider such matters as actuarial assumptions, funding mechanism, separate trust arrangement, etc.

We recommend a national study be undertaken to determine the feasibility of establishing a National Pension/Benefit Plan administered by a Board of Trustees. This would be most efficient and cost effective. Other religious organizations handle their pension/benefit plans at a national level.

Conclusions

1. Provide a comprehensive Medigap and Medicare Prescription drug plan to retired priests to pay for most of the medical and drug costs not covered by Medicare.

Dioceses that have other or similar plans in place should compare recommended benefits and costs.

Approximate Annual Cost Per Priest = \$4,200

2. Provide a comprehensive long-term care insurance program for retired priests to pay for most of the costs associated with nursing home care, assisted living care and home healthcare.

Dioceses that have other or similar plans in place should compare recommended benefits and costs

Approximate Annual Cost Per Priest = \$1,680 - \$3,120

3. Provide a minimum monthly pension benefit, as needed to cover the full range of basic living costs includes housing and food in retirement. Include consistent vesting and portability.

Approximate Annual Cost Per Priest = the present actuarial value of an average future benefit of \$22,000, to be adjusted for geographical cost of living differences.

A Model Plan

Guidelines Regarding the Retirement of All Diocesan Priests.

1. The recommended retirement age for diocesan priests is 70 unless the diocese has a lesser age.

This plan would provide a priest who has served for 35 years an annual benefit of \$22,000 which, when coupled with Social Security, would provide the average income needed to cover basic living costs in retirement, to be adjusted for costs applicable in their geographic area. Diocesan priests should be 100% vested in the accrued value after 5 years of service, and in the event a diocesan priest moves from one diocese to another, his prior credited years of service would be applicable to his pension benefit at the new diocese.

2. In addition to the monthly stipend it is also recommended that retired diocesan priests be provided with comprehensive Medigap and Medicare Prescription Drug Coverage to pay for most of the medical and drug costs not covered by Medicare. The suggested plan design is Medicare Supplement Plan J as outlined on page 5 of this report and the Enhanced Medicare Rx Plan as outlined on page 6 of this report.
3. Further, it is recommended that retired diocesan priests be provided with a long term care insurance program to provide for the costs associated with home health care, assisted living care and nursing home or extended care facilities. Benefits should be consistent with the suggested plan design outlined on page 14 of this report.
4. Appropriate housing and board opportunities and/or pension allowances for independent living options. As noted earlier, the model plan should provide sufficient retirement income for a priest to live independently.

Two of the largest cost items are housing and food. If such are provided by the diocese or at a parish, appropriate priestly service or cost reimbursement should be continued.

5. Suitable funeral and burial could be covered by employer life insurance.
6. If it seems advisable in order to seek some degree of uniformity, the dioceses of a given region or province, in a spirit of subsidiarity, should take upon themselves the responsibility to interpret and implement these guidelines, taking into account the local economy. Only in this way can the differing living costs in the various regions of the country be factored into the consideration of retirement benefits. (Excerpted from Guidelines Regarding the Retirement of All Bishops).
7. The above should be considered minimum benefits. If a diocese has greater benefits than outlined in our recommendations, their benefits should prevail.

Funding a Model Plan

As indicated previously in this report:

- The annual cost to provide retired diocesan priests with comprehensive Medigap and Medicare prescription drug coverage would be approximately \$4,200 per year.
- The annual cost to provide a comprehensive long term plan with a daily benefit of \$150 to cover home health care, assisted living care and nursing home care for a three year benefit duration would be about \$3,120.
- The annual cost to provide a monthly pension benefit equal to the income needed to cover a full range of basic living costs including independent living cost at current 2007/2008 levels in retirement would approximate the present actuarial value of an average future benefit ranging from \$22,000 to \$21,000 depending on years of service.
- The costs to provide appropriate housing opportunities and suitable funeral and burial expenses will vary dramatically from diocese to diocese.

In order to fund the model plan, we have the following suggestions.

1. Reallocation of existing expenditures.

Much of the cost for these benefits is already being incurred by the dioceses on a pay-as-you-go basis for non-pension benefits. It is entirely possible that in some cases a diocese will find that implementing the model plan will cost less than their current pay-as-you-go model due to the cost and process management being brought into the equation. For example, where a priest may be admitted to a diocesan owned or operated long term care facility at diocesan expense, an insured long term care policy could provide reimbursement to that facility or to the diocese on a more managed and cost effective basis.

2. Special collections or offerings.

While already in place in some dioceses, a special annual or semi-annual offering at the parish level for the support of retired diocesan priests can go a long way toward funding the minimum needs and more.

One final note relative to the costs associated with these post employment obligations involves “economies of scale”. Although it is the Bishop’s responsibility to provide for his diocesan priests, and these programs can all be developed on a diocesan level, consideration should be given to the possibility of developing the Model Plan on a National level. A National Plan would take advantage of the laws of large numbers enabling these post employment benefits to be priced in a much more efficient and competitive fashion and then made available to the priests on a diocese by diocese basis. The National Plan could be made available to the dioceses through an organization such as the United States Conference of Catholic Bishops (USCCB), the Laity in Support of Retired Priests (LSRP), the National Federation of Priests Councils (NFPC), or, a yet to be established organization like a National Association of Retired Priests.

A study to be undertaken to determine the organizational structure of a national plan “that would take advantage of the laws of large group post-employment benefit packages which would be priced in more efficient and competitive fashion” and administered by a national board of trustees similar to the Episcopalian program.

APPENDIX

The following four charts, provided by the UNUM Group, illustrate the daily rates by state for private nursing home, semi-private nursing home, assisted living facility and home care services.

Private nursing home chart

State or region	Minimum daily rate	Maximum daily rate	Average daily rate
AK	\$410.00	\$550.00	\$486.67
AL	160.00	176.00	167.00
AR	110.00	185.00	148.72
AZ - Phoenix	170.00	190.00	178.33
AZ - Rest of State	187.51	218.00	202.17
CA - Los Angeles	185.00	235.00	213.33
CA - Oakland	200.00	310.00	253.33
CA - Sacramento	200.00	315.00	253.33
CA - San Diego	260.00	350.00	305.67
CA - San Francisco	400.00	474.00	441.33
CA - San Jose	230.00	345.00	274.33
CA - Rest of State	183.00	300.00	235.00
CO - Denver	203.00	223.00	211.50
CO - Rest of State	165.00	276.00	222.00
CT - Bridgeport	255.00	445.00	343.33
CT - Rest of State	310.00	327.00	317.33
DC - Washington	239.00	330.00	276.25
DE	210.00	244.00	221.67
FL - Jacksonville	192.00	222.00	203.33
FL - Miami	150.00	210.00	181.67
FL - Orlando	204.00	239.00	224.33
FL - Tampa	215.00	254.00	239.67
FL - Rest of State	195.00	250.00	215.67
GA - Atlanta	160.00	215.00	190.00
GA - Rest of State	118.00	175.00	142.67
HI	220.00	290.00	246.67
IA	115.00	173.00	146.67
ID	174.67	202.00	190.22
IL - Chicago	120.00	160.00	141.67
IL - Rest of State	105.00	168.00	142.67
IN - Indianapolis	130.00	206.00	168.00
IN - Rest of State	175.00	239.00	206.33
KS	135.00	184.00	154.67
KY	172.00	210.00	190.67
LA	106.70	116.67	110.25
MA - Boston	260.00	363.50	316.16
MA - Rest of State	275.00	320.00	296.67
MD	195.00	277.00	223.67
ME	225.00	250.00	235.00
MI - Detroit	158.00	190.00	177.67
MI - Rest of State	206.00	332.00	248.67

State or region	Minimum daily rate	Maximum daily rate	Average daily rate
MN - Minneapolis	\$207.00	\$224.50	\$218.67
MN - Rest of State	155.25	179.32	165.14
MO - Kansas City	140.00	230.00	171.67
MO - St. Louis	140.00	168.00	151.17
MO - Rest of State	129.00	142.00	136.67
MS	170.00	179.00	174.67
MT	156.00	193.00	173.00
NC	170.00	200.00	188.33
ND	134.69	179.00	151.32
NE	144.00	218.00	179.00
NH	245.00	300.00	272.67
NJ	245.00	315.00	273.33
NM	150.00	205.00	173.00
NV - Las Vegas	175.00	320.00	256.67
NV - Rest of State	180.00	220.00	201.67
NYC	330.00	487.00	406.33
NY - Syracuse, Rochester	255.00	332.00	304.00
NY - Rest of State	185.00	260.00	221.67
OH	181.00	268.00	238.00
OK	115.00	150.00	135.00
OR - Portland	195.00	228.00	207.67
OR - Rest of State	203.00	224.00	210.67
PA	198.00	240.00	219.00
RI	166.75	238.50	203.75
SC	170.00	172.00	170.67
SD	152.90	185.00	170.63
TN - Nashville	175.00	188.00	179.33
TN - Rest of State	145.00	175.00	151.00
TX - Dallas	120.00	205.00	175.00
TX - Houston	134.00	179.00	152.67
TX - San Antonio	190.00	232.00	207.33
TX - Rest of State	134.00	170.00	150.00
UT	133.00	170.00	154.67
VA - Richmond	199.00	210.00	204.00
VA - Rest of State	145.00	165.20	156.40
VT	220.00	285.00	239.50
WA - Seattle	220.00	315.00	256.67
WA - Rest of State	170.00	235.00	211.67
WI	185.00	193.00	187.67
WV	175.00	215.00	192.00
WY	160.00	195.00	179.00

Semi-private nursing home chart

State or region	Minimum daily rate	Maximum daily rate	Average daily rate
AK	\$410.00	\$500.00	\$442.33
AL	146.00	150.00	148.67
AR	105.00	155.00	132.55
AZ - Phoenix	130.00	175.00	155.00
AZ - Rest of State	161.00	166.67	164.71
CA - Los Angeles	165.00	194.00	181.33
CA - Oakland	190.00	215.00	208.00
CA - Sacramento	180.00	245.00	211.00
CA - San Diego	165.00	250.00	212.80
CA - San Francisco	213.00	375.00	281.60
CA - San Jose	210.00	245.00	222.00
CA - Rest of State	172.00	250.00	199.55
CO - Denver	156.00	195.00	181.50
CO - Rest of State	150.00	210.00	183.67
CT - Bridgeport	247.00	390.00	307.33
CT - Rest of State	277.70	302.00	291.50
DC - Washington	200.00	248.00	229.00
DE	195.00	225.00	205.00
FL - Jacksonville	176.00	199.00	187.67
FL - Miami	135.00	195.00	166.67
FL - Orlando	188.00	212.00	198.75
FL - Tampa	175.00	232.00	201.25
FL - Rest of State	169.00	225.00	191.50
GA - Atlanta	150.00	180.00	167.33
GA - Rest of State	110.00	155.00	131.67
HI	220.00	270.00	240.00
IA	103.00	168.00	193.50
ID	166.03	187.50	179.13
IL - Chicago	115.00	145.00	127.62
IL - Rest of State	95.00	145.00	127.67
IN - Indianapolis	120.00	165.00	147.67
IN - Rest of State	144.00	223.00	184.67
KS	130.00	172.00	144.00
KY	164.00	190.00	175.33
LA	100.75	110.00	105.81
MA - Boston	250.00	332.50	273.33
MA - Rest of State	240.00	290.00	270.00
MD	180.00	254.00	211.00
ME	190.00	230.00	214.00
MI - Detroit	158.00	185.00	171.83
MI - Rest of State	182.50	276.00	219.83

State or region	Minimum daily rate	Maximum daily rate	Average daily rate
MIN - Minneapolis	\$180.00	\$205.50	\$191.67
MIN - Rest of State	135.00	164.32	148.39
MO - Kansas City	130.00	167.00	145.17
MO - St. Louis	138.00	160.00	146.00
MO - Rest of State	116.00	134.00	125.33
MS	160.00	171.00	165.33
MT	151.00	178.00	163.67
NC	156.00	187.00	172.00
ND	123.40	144.69	132.45
NE	137.00	182.00	158.00
NH	220.00	253.00	237.67
NJ	235.00	290.00	261.67
NM	140.00	180.00	158.33
NV - Las Vegas	175.00	205.00	193.33
NV - Rest of State	170.00	200.00	186.67
NYC	330.00	477.00	394.00
NY - Syracuse, Rochester	245.00	317.00	290.67
NY - Rest of State	185.00	250.00	213.33
OH	135.00	231.00	181.83
OK	110.00	135.00	121.67
OR - Portland	190.00	197.00	194.00
OR - Rest of State	190.00	208.00	197.67
PA	183.00	218.00	198.75
RI	190.00	240.00	221.33
SC	153.00	162.00	158.33
SD	142.40	163.00	154.12
TN - Nashville	160.00	172.00	165.33
TN - Rest of State	140.00	165.00	154.00
TX - Dallas	92.50	145.00	119.12
TX - Houston	110.00	137.00	121.75
TX - San Antonio	100.00	176.00	142.00
TX - Rest of State	97.50	110.00	104.50
UT	130.00	142.00	135.00
VA - Richmond	173.00	184.00	179.33
VA - Rest of State	135.00	151.20	144.73
VT	208.00	270.50	229.08
WA - Seattle	195.00	285.00	228.33
WA - Rest of State	165.00	225.00	203.00
WI	155.00	185.00	167.67
WV	167.00	205.00	183.67
WY	150.00	184.00	168.00

Assisted living facility cost chart

State or region	Minimum daily rate	Maximum daily rate	Average daily rate
AK	\$ 81.50	\$159.00	\$128.44
AL	107.28	134.00	118.07
AR	85.00	107.00	93.86
AZ – Phoenix	92.05	107.10	98.45
AZ – Rest of State	105.00	112.33	108.00
CA – Los Angeles	89.45	108.50	97.67
CA – Oakland	122.40	165.00	137.78
CA – Sacramento	106.18	134.83	116.45
CA – San Diego	110.00	167.00	139.33
CA – San Francisco	153.33	194.20	180.10
CA – San Jose	99.45	129.00	117.39
CA – Rest of State	117.90	122.67	120.10
CO – Denver	117.75	141.50	130.30
CO – Rest of State	92.25	133.00	112.26
CT – Bridgeport	96.67	160.00	132.25
CT – Rest of State	85.00	158.33	121.94
DC – Washington	100.00	200.00	148.92
DE	136.50	150.00	143.48
FL – Jacksonville	86.42	98.15	92.15
FL – Miami	77.50	126.67	108.05
FL – Orlando	80.00	90.58	84.64
FL – Tampa	84.05	88.50	86.68
FL – Rest of State	88.15	120.00	107.18
GA – Atlanta	95.80	132.50	108.93
GA – Rest of State	70.00	100.00	81.67
HI	83.50	123.00	100.25
IA	76.00	131.45	105.45
ID	85.17	116.67	100.61
IL – Chicago	86.75	157.50	117.92
IL – Rest of State	104.20	113.95	108.27
IN – Indianapolis	82.00	106.00	94.75
IN – Rest of State	83.65	107.00	93.21
KS	85.00	128.00	110.97
KY	79.95	120.75	103.90
LA	86.67	106.67	95.53
MA – Boston	140.83	208.57	164.24
MA – Rest of State	92.50	185.00	145.83
MD	96.75	150.00	123.58
ME	132.50	171.24	149.58
MI – Detroit	88.00	113.00	103.67
MI – Rest of State	63.00	116.50	91.00

State or region	Minimum daily rate	Maximum daily rate	Average daily rate
MN – Minneapolis	\$ 70.00	\$ 83.88	\$ 75.46
MN – Rest of State	73.33	159.19	121.96
MO – Kansas City	67.00	143.00	104.28
MO – St. Louis	110.00	121.25	115.25
MO – Rest of State	50.00	89.00	71.33
MS	72.00	108.50	94.98
MT	88.33	121.67	102.22
NC	103.70	124.00	117.23
ND	79.83	120.00	98.55
NE	66.75	112.50	82.80
NH	87.00	180.00	126.50
NJ	130.00	148.00	141.55
NM	93.00	108.00	99.78
NV – Las Vegas	96.50	113.25	107.08
NV – Rest of State	71.75	145.00	105.36
NYC	93.33	194.55	134.29
NY – Syracuse, Rochester	98.33	123.33	111.66
NY – Rest of State	68.95	107.78	91.91
OH	86.00	113.00	103.08
OK	80.00	96.75	87.75
OR – Portland	104.25	134.45	118.04
OR – Rest of State	81.25	129.75	99.22
PA	89.50	104.83	99.50
RI	70.00	126.67	105.56
SC	103.00	126.00	116.28
SD	72.00	92.50	81.92
TN – Nashville	83.15	116.50	95.88
TN – Rest of State	96.50	116.50	104.61
TX – Dallas	80.00	105.00	95.70
TX – Houston	62.75	133.00	104.14
TX – San Antonio	94.85	96.75	95.94
TX – Rest of State	95.99	127.50	110.00
UT	70.00	125.75	91.92
VA – Richmond	127.40	143.05	135.56
VA – Rest of State	79.75	110.45	99.32
VT	52.38	105.50	83.46
WA – Seattle	81.25	154.45	115.04
WA – Rest of State	76.50	101.70	92.73
WI	55.00	122.72	89.24
WV	56.00	115.25	89.92
WY	94.83	184.67	130.64

Home care and personal aid chart

State or region	Minimum hourly rate	Maximum hourly rate	Average hourly rate
AK	\$22.00	\$26.95	\$23.73
AL	14.25	15.95	15.07
AR	15.25	15.75	15.50
AZ - Phoenix	17.75	20.50	19.00
AZ - Rest of State	18.05	20.00	18.81
CA - Los Angeles	19.50	20.45	19.97
CA - Oakland	22.50	27.50	25.33
CA - Sacramento	21.00	22.00	21.50
CA - San Diego	21.85	21.95	21.88
CA - San Francisco	24.50	30.50	26.67
CA - San Jose	21.75	23.50	22.42
CA - Rest of State	18.50	19.50	19.00
CO - Denver	20.00	21.00	20.67
CO - Rest of State	18.25	21.95	19.82
CT - Bridgeport	15.00	24.75	19.36
CT - Rest of State	16.50	19.50	17.67
DC - Washington	19.50	20.60	20.02
DE	18.00	20.00	18.83
FL - Jacksonville	15.50	17.45	16.48
FL - Miami	14.50	16.75	15.75
FL - Orlando	14.95	18.75	16.56
FL - Tampa	17.50	20.50	19.00
FL - Rest of State	16.00	19.50	17.50
GA - Atlanta	14.90	18.00	16.95
GA - Rest of State	15.00	17.00	15.96
HI	17.00	19.60	18.70
IA	18.00	22.50	19.82
ID	17.25	18.00	17.75
IL - Chicago	18.50	19.75	19.25
IL - Rest of State	15.88	21.00	17.96
IN - Indianapolis	16.75	19.50	18.33
IN - Rest of State	14.00	17.75	15.92
KS	17.00	20.60	18.20
KY	15.45	17.00	16.15
LA	14.00	15.50	14.92
MA - Boston	22.50	24.63	23.38
MA - Rest of State	18.50	23.50	21.50
MD	18.88	19.98	19.45
ME	14.75	22.00	18.00
MI - Detroit	17.00	19.90	18.13
MI - Rest of State	18.00	19.50	18.83

State or region	Minimum hourly rate	Maximum hourly rate	Average hourly rate
MN - Minneapolis	\$24.50	\$26.50	\$25.33
MN - Rest of State	18.00	22.75	20.79
MO - Kansas City	15.50	20.50	17.33
MO - St. Louis	18.50	18.95	18.73
MO - Rest of State	16.75	18.55	17.73
MS	14.95	16.00	15.32
MT	18.50	19.00	18.75
NC	15.25	17.75	16.75
ND	18.50	25.00	21.08
NE	15.95	18.95	17.22
NH	21.38	23.50	22.25
NJ	18.75	21.70	20.15
NM	16.75	20.00	17.90
NV - Las Vegas	18.45	19.50	18.97
NV - Rest of State	18.00	22.00	20.00
NYC	16.00	21.00	19.33
NY - Syracuse, Rochester	21.50	26.00	23.67
NY - Rest of State	17.50	19.98	18.33
OH	17.00	19.45	18.15
OK	14.25	18.38	16.38
OR - Portland	20.00	21.00	20.83
OR - Rest of State	18.25	21.50	19.42
PA	15.25	20.25	18.47
RI	21.13	25.00	23.38
SC	15.25	17.50	16.92
SD	15.25	18.85	17.20
TN - Nashville	17.00	19.50	18.17
TN - Rest of State	14.75	15.75	15.35
TX - Dallas	16.50	17.95	17.32
TX - Houston	18.00	20.50	18.83
TX - San Antonio	15.95	21.00	18.73
TX - Rest of State	15.00	17.25	16.08
UT	18.45	20.00	18.98
VA - Richmond	17.25	19.25	18.33
VA - Rest of State	17.95	20.00	18.98
VT	23.00	23.50	23.17
WA - Seattle	20.50	29.00	24.83
WA - Rest of State	22.50	25.00	23.67
WI	15.75	20.25	18.50
WV	16.50	18.00	17.33
WY	15.00	17.75	16.58