

# **Exhibit A PRIEST RETIREMENT PLAN**

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## **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.

#### **RECITALS**

A. Parties: The Catholic Bishop of Spokane is a corporation sole, duly organized and qualified under the laws of the State of Washington, Bishop William S. Skylstad, incumbent ("Bishop"). 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 have 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 and Disability Agreement between the parties entered into in 1981, is effective March 8, 1991.

C. Purpose: This agreement is intended to create a legally binding agreement to provide retirement and other related benefits for priests of the Diocese in accordance with the Retirement Policy of the Diocese as approved by the Bishop on October 22, 1990, a copy which is attached and made a part of this agreement as if fully set forth herein.

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 priest who is not incardinated in the Diocese, or who is not seeking incardination, regardless of service in the Diocese, is not a participant in the retirement program. However, in the event 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.

#### **ARTICLE II. Retirement**

2.1 Ordinary Retirement: Ordinary retirement is defined as a termination of pastoral responsibility and assignment, officially declared by the Bishop at any time after a priest reaches age sixty-five (65). The actual date of retirement for purposes of this agreement shall be as 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 currently payable defined benefit, calculated as of June 30, 1989, is \$11,100, payable in monthly installments of \$925.00) The benefit may be adjusted from time to time by the Bishop in consultation with the Presbyteral Council of the Diocese on the recommendation of the Temporalities Committee of the Presbyteral Council. The benefit cannot be changed without the consent of two-thirds of the members of the Presbyteral Council.

4.2 Accrual of Benefits: A priest working in the Diocese 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).

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. Extra seniority from teaching or missionary service, or unused sabbatical time, will not be used to determine accrued benefit.

4.4 Additional Accrual Between Ages 65 and 75: Any priest, who has accrued 100% of the defined annual benefit by age sixty-five (65), and who continues to serve in assigned ministry after age sixty-five (65) and up to age seventy-five (75) (mandatory retirement), shall accrue additional benefit at 3.3% of the defined annual benefit for each year of service after age sixty-five (65). Such additional accrued benefit shall be added to the defined annual benefit in determining such priest's benefit at his date of actual retirement.

4.5 Age Seventy (70) Rule: Any priest who has been incardinated in the Diocese by the Bishop after service in another diocese or religious community, or any priest who has not completed thirty (30) years of service in the Diocese of Spokane and who serves in assigned ministry to age seventy (70), will at age seventy (70) be eligible for 100% of the defined annual benefit, except that in the case of incardination of a priest after service in another diocese, or at the time of ordination where a priest cannot complete thirty (30) years of service before age seventy (70), the Bishop at that time may negotiate and agree upon other terms for benefit accrual with the individual.

4.6 Present Value Benefit: If a priest vested in the retirement program of the Diocese leaves active ministry or incardicates in another diocese, any benefits vested and accrued as of the date of separation shall be calculated and reduced to present value according to the actuarial formula set forth in section 4.7 below. Such amount shall then be paid to the priest, or to his new diocese of incardination, either in a lump sum, or in monthly payments over a period of up to eighteen (18) months as determined in the sole discretion of the Bishop. Notwithstanding the foregoing, if a priest is over fifty-five (55) years of age and leaves active ministry, his vested and accrued benefit will be paid beginning at age sixty-five (65) in accordance with section 4.9.

4.7 Present Value Benefit Formula: The formula used to calculate a present value benefit under section 4.6 or 4.8 shall consist of a two-step calculation:

Step 1: The value of the future benefit at age 65 is determined by taking the accrued benefit  $\times ((1 - (1 + i) - 14.04)^{-i})$ . "i" is the Pension Benefit Guarantee Corp. annuity interest rate as published in the Federal Register for the quarter preceding the date of calculation. 14.04 years is the life expectancy of a male at age 65 according to the State of Washington mortality table.

Step 2: The present value of the benefit is then determined by taking the number arrived at in Step 1  $\times (1 + i)^{-n}$ . "n" is the number of years from the current age of the priest to age 65.

Example: A priest, age 45, leaves active ministry with 20 years of service. His accrued annual benefit is \$7,326.00 (20 years  $\times$  3.3%  $\times$  11,100.00). Under Step 1, assuming the applicable PBGC interest rate is 7.25%, the value of the future benefit at age 65 is \$63,225.73. ( $\$7,326.00 \times ((1 - (1 + .0725) - 14.04) - .0725)$ ). Under Step 2, the present value of the benefit to be paid the priest under section 4.6 is \$15,593.65 (the amount under Step 1, i.e., \$63,225.73  $\times (1 + .0725)^{-20}$ ).

4.8 Life Transition Payment: Notwithstanding the provision in section 4.6, if a priest is vested, leaves active ministry, and the actuarially reduced present value of his accrued benefit, as determined at date of separation under Section 4.7 is \$5,000. or less, a life transition payment of \$5,000. shall be paid to the priest to assist him in moving from priestly ministry to lay life.

4.9 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.

#### **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 Endowment Retirement Fund: The Bishop shall require every institution of the Diocese (e.g., parish, school, Catholic Pastoral Center, etc.) which is served by a priest incardinated in the Diocese to pay \$150.00 per month per priest in service to the Diocese for retirement purposes. If a priest incardinated in the Diocese serves in active ministry in a position outside of the corporate institutions of the Diocese and with the approval of the Bishop, such priest can accrue years of service by contributing \$300.00 a month to the retirement program. Funds received in accordance with this section will be placed either in the Endowed Retirement Fund for Priests, as established by the Catholic Foundation of the Diocese, or be used to fund retirement benefits for currently retired priests.

6.3 Catholic Foundation Endowment: An Endowed Retirement Fund for priests has been established by the Catholic Foundation of the Diocese to support the retirement program of the Diocese.

It is the intent of the parties that all monies received from whatever source for support of the retirement of priests be placed in this endowed fund. Income from this endowment will be received quarterly by the Diocese for payment of retirement benefits as required under this agreement. Should income (and

principle) from this fund not be sufficient to pay for the benefits required under this agreement, the Bishop agrees to provide funding from other sources in his sole discretion.

## **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 Diocese Salary Policy. After age sixty-five (65), 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.

7.4 Special Care or Nursing Home Benefit: In the event that a priest, who is participating in the retirement program of the Diocese, requires specialized residential care which costs more than the Diocesan monthly retirement benefit, the Diocese will discontinue payment of the retirement benefit direct to the priest and instead pay the higher residential cost directly to the provider. Additionally, the Diocese will pay for additional medications and specialized therapy not covered by either the residential fee or by insurance. This provision applies both to retired and disabled priests. The priest is required to pay other personal needs from his Social Security Benefit. At any time that the benefit covered under this section 7.4 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 confined to a nursing facility.

7.5 Review of Special Benefits: Depending on the individual circumstances of a given priest, the special benefits provided under this Article VII are subject to review and modification in the sole direction of 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 Priests Covered by Other Retirement Programs: Any priest who receives a retirement benefit from someone other than the Diocese on account of approved priestly ministry, and while incardinated in the Diocese, may receive a benefit from this program in accordance with Article IV above; provided, however,

the benefit to be paid under Section 4.5 will not be paid unless the benefit from the other source or sources and the accrued benefit under this retirement program are less than 100% of the defined annual benefit. If such amount is less than 100%, the difference will be paid from this retirement program beginning at age seventy (70) as set forth in Section 4.5.

8.3 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.

8.4 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.

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

CATHOLIC BISHOP OF SPOKANE

By: \_\_\_\_\_  
WILLIAM S. SKYLSTAD

PRESBYTERAL COUNCIL OF THE DIOCESE OF SPOKANE

By: \_\_\_\_\_  
Chairman

By: \_\_\_\_\_  
Vice Chairman

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

\_\_\_\_\_  
Rev. Mark F. Pautler, Chancellor, Diocese of Spokane  
on this 8th day of March, 1991.

## **RETIREMENT POLICY**

### **PRESBYTERATE OF THE DIOCESE OF SPOKANE**

Retirement Policy-Endorsed by Presbyteral Council 10/3/89

- Approved "Juxta Modum" by Presbyteral Assembly 9/26/90
- Revision recommended by Bishop to Presbyteral Council 10/19/90
- Approved by Bishop Skylstad 10/22/90
- Medical Benefit Approved by Bishop Skylstad 2/25/91
- Effective by signed Contract 3/8/91

#### **PREAMBLE**

The Presbyterate of the Diocese is an integral part of the community of faith. Its welfare and life must be the concern of all people. Faithful to the teaching of the Second Vatican Council, the Diocese recognizes that right and necessity that after many years of service priests retire with dignity and security. The program based on the policies given below is not simply a business contract. It is the manifestation of a familial concern for the person of priests who have served the mission of this Diocese. It is important to know that it is not a previously funded program; it is not a program to which the priest as an employee has contributed. Such relationships are secondary to the familial relationship that exists between a Bishop and the Presbyterate of the Diocese and among the priests as brothers. The Presbyterate of this Diocese commits itself to the care of our retired brothers. Our concern is not simply about the economic security that they should enjoy, but about their total well being as men of faith and service

This policy attempts to spell out the ordinary circumstances of priestly retirement. It is difficult to spell out all the possible situations that might exist. For example, those who have earned other benefits or experience extraordinary situations, must be dealt with in some adjusted way through dialogue and fraternal concern.

Incardination is the covenant relationship which exists between a priest, the Bishop of the Diocese, and the people of the Diocese. It is the strategic relationship in which the shared responsibility for the care and dignity of a priest is defined. If a priest is not incardinated in the Diocese or is not seeking incardination, this policy does not apply to his ministry in the Diocese of Spokane. If a priest is seeking incardination, all service in the Diocese before canonical incardination is credited to him. It is the mind of the Church that any priest desiring incardination and so applying to the Diocese be incardinated within a period of five years. In the meantime, the Diocese must attempt to negotiate clear responsibility for medical and disability for any priest seeking incardination with his former jurisdiction.

**NCCB NORMS FOR THE RETIREMENT OF PRIESTS:** The Diocese accepts for implementation the Vatican approved NCCB Priestly Retirement norms:

1. 75 is the normal retirement age, but for pastoral or personal reasons it may occur earlier. Pastors are to submit letters of resignation by the age of 75.
2. Diocesan policies should specify the age when a priest will enter a process of discernment regarding when and how retirement will be effected. Also dioceses should provide for earlier disability retirement.

3. Retirement committees may be named to help bishops with the process, but bishops retain the right of final decision in these matters.
4. Dioceses are to keep lists of senior priests noting the kinds of ministry for which they are available so that pastors may easily call upon them.
5. Bishops should develop plans and programs to assist priests in preparing for third age ministry.
6. Bishops should appoint a priest whose duties include assisting senior priests with their third age and being their advocate. Diocese should provide options for third age ministry.
7. Bishops should strongly promote programs encouraging the physical, emotional, and spiritual health of all priests, including senior priests; and sufficient medical insurance for senior priests is essential.
8. Diocese should provide housing options for third age priests, so that retiring priests may be given choices in regard to retirement housing.
9. Bishops should provide special arrangements for those physically or emotionally in need of care.
10. Adequate support should be guaranteed priests through long-range, financially independent and professionally managed pension funds. Priests should pursue personally responsible stewardship via Social Security, IRA's and other forms of saving; and they should remember needs of the local church in their estate planning.
11. Bishops should insure that diocesan programs (conferences, retreats, etc.) give specific consideration to the spiritual growth of senior priests.
12. Bishops and priests should be sensitive to the needs and inclusion of senior priests in diocesan life.
13. In providing effective retirement policies and procedures, dioceses should be aware of resources and expertise provided by national organizations with the Church and outside it.

## **SPECIAL CARE OF PRIESTS**

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 Church'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 Diocesan Salary Policy.

After age 65, a priest who still functions in his assignment can choose to receive retirement benefit as well as semi-retirement compensation as per agreement with the Bishop.

2. **DISABILITY BENEFIT:** A priest incardinated in the Diocese of Spokane who is judged fully disabled by the Bishop is eligible for full retirement and the full defined benefit. The status of a priest partially disabled will be determined by the Bishop. Disability status may be reviewed year to year by the Bishop and the Personnel Board and professional assessment may be sought to assist the Bishop in such a determination.

3. **MEDICAL INSURANCE BENEFIT:** All priests receiving benefit under this policy will as part of the retirement benefit be provided medical and dental insurance under the group policy for the priests of the Diocese. Only priests who reside outside of the United States will have the option to receive this benefit by way of an increase in benefit payment.

4. **SPECIAL CARE OR NURSING HOME BENEFIT:** In the event that a priest incardinated in the Diocese of Spokane requires specialized residential care which costs more than the diocesan monthly retirement benefit, the Diocese will discontinue the benefit and pay the higher residential cost directly to the provider. Additionally the Diocese will pay for additional medications and specialized therapy not covered by the residential fee or by insurance. This policy applies to retired and disabled priests. The priest is required to pay other personal needs from his Social Security Benefit. At the time that this benefit is required by the priest, the priest will give durable power of attorney to the Diocese or a designated person or the Diocese will seek guardianship over the affairs of the priest who is confined to the nursing facility.

5. **RETIREMENT HOUSING:** Six units are available for retired priests at Rockwood Lane Apartments. These units belong to the Diocese and have been purchased for the benefit of retired priests. Officially retired priests are eligible for residence in these apartment units. They are required to personally pay the maintenance fee associated with the unit they occupy. This fee at 6/30/89 is \$275.00 or \$285.00 depending upon the unit rented. Meal Service is an additional \$100. Garage space rental is additional.

## **FUNDING OF THE RETIREMENT PROGRAM**

1. **INSTITUTIONAL CONTRIBUTION:** Every institution of the Diocese of Spokane (Parish, School, Catholic Pastoral Center, etc.) which is served by a priest incardinated in the Diocese of Spokane will pay to the retirement fund of the Diocese of Spokane \$150.00 a month per priest in service. If a priest incardinated in the Diocese of Spokane serves in active ministry in a position outside of the corporate institutions of the Diocese of Spokane, with the approval of the Bishop that priest can accrue years of service by contributing \$300.00 a month to the retirement program.

Funds received through these contributions will be either placed in the Endowed Retirement Fund for priests or be used to fund retirement benefits for currently retired priests.

2. **SUPPORT BY THE CATHOLIC FOUNDATION:** The Endowed Retirement Fund for Priests of the Catholic Foundation supports the retirement program of the Diocese. It is the policy of the Diocese that all monies received for support of the retirement of priests will be placed in the Endowed Retirement Fund for Priests in the Catholic Foundation for this purpose. Income from the Endowed Retirement Fund for Priests will be received quarterly by the Diocese for payment of retirement benefits.

3. **SUPPORT OF THE RETIREMENT ENDOWMENT:** Priests are asked in a special way to support the endowment for priests' retirement in their wills and in the allocation of their charity. The Foundation has established a special "Pooled Income Fund" in which priests may irrevocably place their savings in the endowment program and yet receive income during their lifetime from the income of the Fund. Support of the endowment by all the people of God is encouraged.

## **ORDINARY RETIREMENT**

1. **RETIREMENT:** Retirement is defined as an official termination of pastoral responsibility and assignment. At the time of retirement, benefits accrued under this program will begin to be paid.

Benefits are paid as calculated by the Fiscal Services Office of the Diocese and approved by the Bishop at the date of retirement and monthly thereafter on the first day of the month. A priest of the Diocese is required to offer a request for retirement at age 75 regardless of benefits earned.



At age 65 a priest upon his request will receive retirement. The date of this retirement will be determined by mutual agreement of the Bishop and the priest, but will be within six months of the priest's 65th birthday.

2. **BENEFITS:** The Benefit in the retirement program is a defined yearly benefit paid monthly. (The present defined benefit ( 6-30-89 ) is \$ 11,100 paid in monthly allocations of \$925.) This benefit is determined by the Bishop in consultation with the Presbyteral Council of the Diocese on the recommendation of the Temporalities Committee of the Presbyteral Council. The benefit cannot be changed without the consent of 2/3 of the members of the presbyteral council.

3. **ACCRUAL OF BENEFIT:** A priest working in the Diocese of Spokane accrues benefit at the rate of 3.3% of the defined benefit per year of service (including years of service as a transitional deacon). The ordinary maximum accrued benefit is 100% of the defined benefit. Benefit cannot be accrued after a priest begins to receive benefits under the program. Extra seniority from teaching or missionary service or unused sabbatical time cannot be used to determine accrued benefit.

Additional benefit can continue to be accrued at the rate of 3.3% of the defined benefit for each year of service after age 65, if the priest is not receiving the retirement benefit.

4. **BENEFIT BY INCARDINATION:** Any priest who has been incardinated in the Diocese by the Bishop after service in another diocese or religious community and/or who has not completed 30 years of service in the Diocese of Spokane will at age 70 be eligible for 100 percent of the retirement benefit. Aware of this policy, the Bishop may at the time of acceptance of a priest or at the time of ordination negotiate other terms with the individual. Lacking such an agreement, the age 70 benefit will apply.

5. **VESTING:** A priest is eligible to become vested (the right to earn accrued benefit) in the retirement program of the Diocese of Spokane at the end of two years of service. Vesting is earned at the rate calculated at 20% per year. Thus after 7 years of service a priest is fully vested in the retirement program.

6. **PRESENT VALUE PAYMENT:** If a priest vested in the retirement program of the Diocese of Spokane, leaves active ministry or incardicates in another diocese, the present value of the benefits accrued and vested as determined by commonly accepted actuarial tables will be transmitted to the priest or to the diocese of incardination either in monthly payments over a period of 18 months or in a lump sum. If a priest is over 55 years of age and leaves ministry, retirement benefit will be paid at age 65. If the priest is vested and the present value of the accrued benefit is less than \$5,000, a life transition payment of \$5000 shall be made to the priest to assist him in moving from priestly ministry to lay life.

## **REVIEW OF PROGRAM**

1. **REVIEW:** It is the responsibility of the Presbyteral Council to review this policy and to make recommendations about the policy to the Bishop.

2. **REVIEW OF THE ENDOWED RETIREMENT FUND:** Every five years a joint committee shall be established between the Presbyteral Council and the Foundation Board of Directors to oversee the preparation of an actuarial study to determine the sufficiency of the endowment.

3. **REVIEW OF SPECIAL BENEFITS:** Special benefits such as special care and retirement housing are subject to review and the changing circumstances around the provision of such benefits.

## **APPLICATION TO SPECIAL CASES**

1. **APPLICATION TO RETIREMENT PRIOR TO AGREEMENT:** Those priests who have officially retired and are receiving benefits from the Diocese of Spokane will continue to receive benefits in accord with this policy.

2. **APPLICATION TO THOSE PRIESTS WHO ARE COVERED BY OTHER RETIREMENT PROGRAMS BASED ON THEIR MINISTRY AS PRIESTS:** Any priest who receives a retirement benefit from approved priestly ministry while incardinated in the Diocese of Spokane will receive benefit from this program according to the benefit which he has accrued from years of service in the Diocese and contributions made from outside service (see supra, Institutional contribution). Benefit from incardination will not apply unless the benefit from another source and accrued benefit from this program are less than the full defined benefit. If that is the case the difference will be made up from this program at retirement age 70.

3. **RETROACTIVE APPLICATION OF THIS POLICY:** Except for those priests now officially retired and receiving benefits, no part of this policy will apply to priests who have left ministry or left the service of the Diocese of Spokane, or have retired without permission of the Bishop of Spokane. The benefits of this policy are not retroactive except for retired priests.

4. **RESOLUTION OF AMBIGUITIES:** All questions of the meaning and terms of the policy will be resolved by decision of the Bishop.

**\* PRIEST RETIREMENT POLICY**

**SUMMARY OF BENEFITS FOR POLICY ACCEPTED BY THE PRESBYTERAL COUNCIL ON  
OCTOBER 19, 1990 AND PRESENTED TO BISHOP SKYLSTAD**

**I. Retirement under normal circumstances: Normal circumstances include the following:**

- A. A priest is incardinated in the Diocese of Spokane
- B. He has served in the Diocese for at least 30 years
- C. He has reached the age of 65

If these conditions are fulfilled, the following options are available to the priest upon reaching age 65:

- 1. He may retire and will receive 100% of the defined monthly benefit. (presently \$925)
- 2. The priest may continue to serve full time or part time in ministry, receive compensation for his service and receive the full retirement benefit.
- 3. The priest may remain in a full time assignment, receive regular compensation but not receive the retirement benefit. In this instance he will continue to accrue additional retirement benefit at the rate 3.3% of the defined benefit for each year of service after age 65.

**II. Retirement benefits for priests who have served less than 30 years:**

- 1. At age 65, the priest may retire and receive the benefit he has accrued. (3.3% of defined benefit for each year of service).
- 2. The priest may continue to work, not draw retirement benefits and continue to accrue benefit.
- 3. The priest may retire at 70 and will receive 100% of the defined benefit unless other arrangements were made with the Bishop at the time of ordination/incardination in the Diocese of Spokane.

**III. Retirement benefits for those who leave priestly ministry:**

- 1. A priest earns no right to retirement benefit (vesting) for his first 2 years of service. From years 3 - 7 the priest becomes vested at the rate of 20% per year. Thus, at the end of 3 years of service the priest is entitled to 20% of the accrued benefit for 3 years of service. At the end of 7 years, he is entitled to 100% of the benefit for 7 years of service. Benefit is accrued at the rate of 3.3% per year of the defined benefit. If a priest leaves ministry, the present value of the benefits accrued and vested will be determined by actuarial tables and transmitted to him over a period of 18 months or in a lump sum. If the present value payment is less than \$5,000, the priest will receive a life transition payment of \$5,000 in lieu of the present value payment. If the priest leaves ministry after age 55, retirement benefit will begin to be paid at age 65.

\* This summary is not the policy, which must be consulted for complete details and situations not covered by the summary.

## **ADDENDUM TO RETIREMENT POLICY**

1. The following paragraph will replace "FUNDING OF THE RETIREMENT PROGRAM, INSTITUTIONAL CONTRIBUTION":

1. INSTITUTIONAL CONTRIBUTION: every institution of the Diocese of Spokane (Parish, School, Catholic Pastoral Center, etc.) which is served by a priest incardinated in the Diocese of Spokane will pay to the retirement fund of the Diocese of Spokane \$250 a month per priest in service. If a priest incardinated in the Diocese of Spokane serves in active ministry in a position outside of the corporate institutions of the Diocese of Spokane with the approval of the Bishop that priest can accrue years of service by contributing that same amount (\$250) a month to the retirement program. Funds received through these contributions will be either placed in the Endowed Retirement Fund for priests to be used to fund retirement benefits for currently retired priests.

2. The content of this policy change will be understood as replacing the content of paragraph 6.2 in the Retirement Agreement.

3. This change in terms of the required contribution to accrue benefit while working outside of the Diocesan Structure is retroactive to the approval of the Agreement March 9, 1991. All contributions received since that date will be credited for accrual according to this new policy.

Recommended by the Priests' Council March 10, 1995

Approved by Bishop Skylstad March 22, 1995.

## **Chronology of the Defined Institutional Contribution to the Funding of the Priests' Retirement Program**

1. The original Retirement Policy stipulated \$150 per month as the institutional contribution for the Priests' Retirement Fund. (Adopted March 8, 1991)
2. This amount was increased to \$250 per month (cf. supra,) effective July 1, 1995 .
3. A letter dated July 1, 1994 from Rev. John Steiner, the Moderator of the Curia, notified diocesan entities that the Bishop had authorized a \$25 increase in the retirement contribution effective July 1, 1996 (\$275 total).
4. A letter from Bishop Skylstad dated June 28, 1997 "approved the policy of increasing the monthly retirement contribution every other year by \$25 beginning July 1, 1997 ." Effective July 1, 1997, the retirement contribution became \$300.
5. Effective July 1, 1999, the retirement contribution became \$325.00
6. Effective July 1, 2001, the retirement contribution became \$350.00
7. Effective July 1, 2003 the retirement contribution became \$375.00
8. Effective August 1, 2005 the retirement contribution became \$675.00 (Decision of Bishop Skylstad to increase the institutional contribution to this level after consultation with the Presbyteral council and Presbyterate.)