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Priest Retirement — Unanswered Questions Can Have Unintended Consequences

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Background on Priest Pension Plan Surveys

In 2010, we were hired by the Laity in Support of Retired Priests (LSRP) to analyze the adequacy of priest pension benefits. A critical first step in a retirement benefit adequacy study is collecting individual data from priests by conducting a pension plan survey. LSRP's decision to hire us was based on our experience while working with a large Archdiocese that was also interested in benefit adequacy needs.

During our engagement with LSRP, they requested that we streamline the survey questions and create an online version. Since then, many other dioceses have also deployed the survey, which has proven to be an important tool to help dioceses understand their priests' retirement readiness.

What Makes the LSRP/GRS Survey Different?

The key difference is that the LSRP/GRS Survey has evolved over time to address and successfully overcome many of the common barriers to conducting a survey of priests. Some of the barriers we have worked to overcome include:

- **Credibility** — The survey was created and endorsed by LSRP and is administered by a professional consulting firm.
- **Confidentiality** — This is a significant roadblock for surveying priests. Many are

willing to complete a survey, but do not want their personal data shared with the Chancery office or the Bishop. In a focus group meeting with priests, this sentiment came across loud and clear — “We need to be comfortable that none of our answers or data can be identified to us!” Our confidential surveys (both online and paper versions) ensure that priests are not identified.

- **Length of Survey** — We worked with LSRP to streamline the questions so that the survey only takes 10-15 minutes to complete.
- **Types of Questions** — If there are issues unique to the plan, we work with the diocese to have them included in our standard survey. We do not approach the survey development as a cookie-cutter, one-size-fits-all task.
- **Selecting the Correct Method of Deployment (online or hard copy)** — We can help the diocese select the best method by assessing how many priests will be asked to take the survey and their access to online applications.
- **Cost** — Online deployment helps make the survey affordable for large and small dioceses alike.

As a result of our work, priests feel very comfortable responding to the LSRP/GRS Survey. A testament to being positively viewed by priests is that participation rates have exceeded 50% for most dioceses, with a high of 74% (Archdiocese of Indianapolis).

What Can the Survey Help You Learn?

The current survey is designed to obtain knowledge about the retirement of your priests. Specifically, we ask questions in the following four areas:

- 1) **Background and perception** (i.e., current age, expected retirement age, knowledge of key retirement issues, and personal view of retirement);
- 2) **Social Security reporting** (i.e., wage reporting to Social Security including verification step);
- 3) **Personal savings** (i.e., most recent year retirement savings, accumulated retirement savings, savings vehicle, etc.); and
- 4) **Planning for retirement** (i.e., living accommodations in retirement, role of the diocese in retirement planning, etc.).

The Survey Says...

It is always interesting to see the results of the surveys. Typically, there is a surprise or two for the diocese who initiated the survey and for us also. Several common elements among the dioceses (which were initially surprises) include:

- Almost all dioceses are surprised by the Social Security wage reporting data that is collected. Reported wages are typically much lower than anticipated and the range of reporting is much wider than anticipated.
- When asked who is financially responsible for

retirement, most priests respond that it is a shared responsibility. However, there is no consensus on what this means (e.g., equal sharing, diocese has the majority, priest has the majority, etc.).

- Perhaps the most uniform response is related to the question, “Does the Diocese do a good job providing you with retirement planning information?” Surveys show that 60% - 80% respond with a **“NO”** to this question.
- A fair number of priests respond that they know nothing about the Priest Retirement Plan.

In addition, surveys also reveal surprises unique to individual dioceses.

- At one diocese, 50% of the priests felt that the diocese had the entire financial responsibility for retirement (which increased to 75% for priests under age 45). Clearly, this was a problem since the diocese had previously communicated that the pension plan was a supplement to Social Security and personal savings.
- At another diocese, only 50% of the priests planned to retire at their normal retirement age while 36% expected to retire at the earliest age allowed. Typically, 90% of respondents expect to retire at normal retirement age.

At many dioceses, their survey results have become a “call to action” which often leads to initiating educational programs as a response to the findings.

Conclusion

The key takeaway is that a simple 15 minute online survey can help to shed light on your priests’ attitudes and behaviors related to their retirement. In addition, it will provide information that is typically unavailable related to priests’ Social Security wage reporting and personal savings. This is valuable information for any diocese that wants to help their priests plan for retirement and ensure adequate pension benefits. The LSRP/GRS Survey can help you achieve these goals.

Below are testimonials from two dioceses:

“The online survey they conducted was user-friendly for our priests and provided insightful information about their expectations of the archdiocese and about how we can best help them to have sufficient assets in their retirement years.

The report we received had clear, understandable findings that were very beneficial for us, and the entire survey process was well received by our presbyterate.”

Ed Isakson, PHR
Director of Human Resources
Archdiocese of Indianapolis

“As we were reviewing the results of GRS’s online survey, it became clear that we had to work on educating our priests about retirement. To illustrate, when asked how priests viewed our pension plan, 36% viewed it as adequate; 39% as inadequate; 1% as generous; and the remaining 24% reported that they knew nothing about the plan. Armed with the survey information, in November 2015, we sponsored a Priests’ Benefit Communication Day which included a keynote address by Bob Nordin (GRS) followed by workshops on many benefit topics, including retirement. The feedback we received from our priests was very positive.”

Deacon Edward Gaine,
Secretariat for Human and Information Resources
Diocese of Brooklyn

About the Author



Robert Nordin, FSA, EA, MAAA is a retirement consultant and actuary who has worked with many Catholic dioceses over the past 35 years. Bob's consulting experience covers: priest and layperson pension plans, benefit adequacy studies for priests, benefit policy development, plan design studies, and special studies on late ordinations, international priests, and resigned priests.

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