

Balancing retirement benefits and costs

A healthy retirement program provides adequate benefits while being able to appropriately fund those benefits. Providing priests with a sufficient retirement package while managing costs to the Diocese is a complex balance, however we are seeing new funding vehicles to allow Dioceses to make the most of dollars allocated toward priest retirement programs.

Priest Benefit Adequacy

Priests, along with most individuals, worry about financial security during retirement. Plan Sponsors can provide peace of mind by routinely reviewing and evaluating the benefits they are providing to ensure priests can live comfortably in retirement.

A Benefit Adequacy Study will periodically review and evaluate priest expenditures in retirement compared to anticipated retirement income. The results of this study will provide insight as to whether a priest's retirement income is sufficient to cover expenditures such as housing costs, food, medical care, insurance and other costs once they retire. It can also determine if the retirement plan is keeping pace with inflation and review how your plan compares to other priest retirement plans around the country.



Our years of experience partnering with religious entities has taught us that each Diocese is unique. Comparing cost vs expenditures can help your organization determine if modifying your plan is necessary to keep pace with inflation and other economic shifts.

Here is a simplified example of a priest's income and expenditures in retirement:

Income Type	Estimated Income
Priest Pension Plan	\$25,200
Social Security	\$19,000
Total Income	\$44,200

Expenditure Type	Department of Labor Base Amount
Food	\$5,300
Housing	\$17,000
Clothing	\$900
Transportation	\$6,200
Health Care	\$5,700
Entertainment	\$2,000
Personal Care	\$600
Reading/Education	\$400
Personal Insurance	\$300
Miscellaneous	\$4,000
Taxes	\$3,300
Total Expenditures	\$45,700

Funding Retirement Benefits

Designing an adequate retirement program is important, but being able to sufficiently fund that program is equally, if not, more important. Typical priest pension plan funding consists of annual contributions, equal to an amount per-priest or a percent offertory, made to a trust. Welfare benefits are generally pay-as-you-go, with potentially a reserve set aside for future costs.

This structure has led to increased funded percentages in pension plans, but not as much improvement in reserves to cover future welfare benefits. As you know, welfare benefits, such as long-term care can be unpredictable and one large claim could diminish a reserve.

There is a solution that allows dioceses to pre-fund welfare benefits in a trust that is not subject to general creditors in the case of bankruptcy. A Contribution Allocation Study can show that by reallocating a portion of a diocese's annual pension funding into this type of trust, the diocese can build secure assets to cover welfare benefits while maintaining a well-funded pension plan.



USICG Diocesan Retirement Survey

Knowing how your retirement plan compares to others can add valuable insight to help improve your Diocese's benefit offering. That is why USI Consulting Group (USICG) conducts and issues an annual survey related to Diocesan retirement programs.

The survey provides data from Archdioceses/ Dioceses across 34 states, including valuable insights on:

- ✓ Administration/Payroll
- ✓ Defined Benefit Plans for Lay Employees
- ✓ Defined Contribution Plans for Lay Employees
- ✓ Priest Retirement Plans

To receive a copy of our most recent survey and an invitation to participate in our next survey, email us at USICG.Church.Plans@usi.com.

How USICG can help

Managing a retirement plan can be stressful, cost you and your employees excessive fees and put a strain on your organization's resources. USICG's integrated team can help alleviate these stresses through a collaborative approach, resulting in successful retirement plan outcomes for you and your employees.

Contact us to discuss your Diocese's unique needs: USICG.Church.Plans@usi.com.

Investment Advice provided to the Plan by USI Advisors, Inc. Under certain arrangements, securities offered to the Plan through USI Securities, Inc. Member FINRA/SIPC. Both USI Advisors, Inc. and USI Securities, Inc. are affiliates of USI Consulting Group.

Connect with us today | USICG.Church.Plans@usi.com | 860.633.5283 | usicg.com | 

FOR PLAN SPONSOR USE ONLY. NOT FOR USE WITH PARTICIPANTS OR THE GENERAL PUBLIC.

©2025 USI Consulting Group. All rights reserved.

