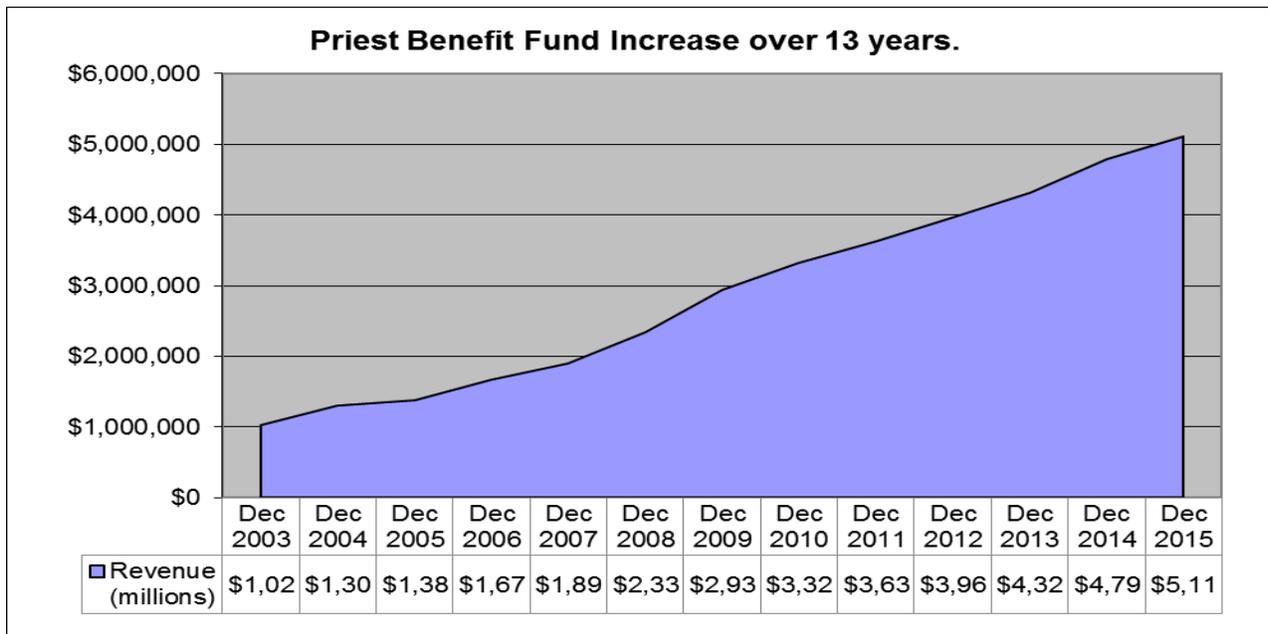


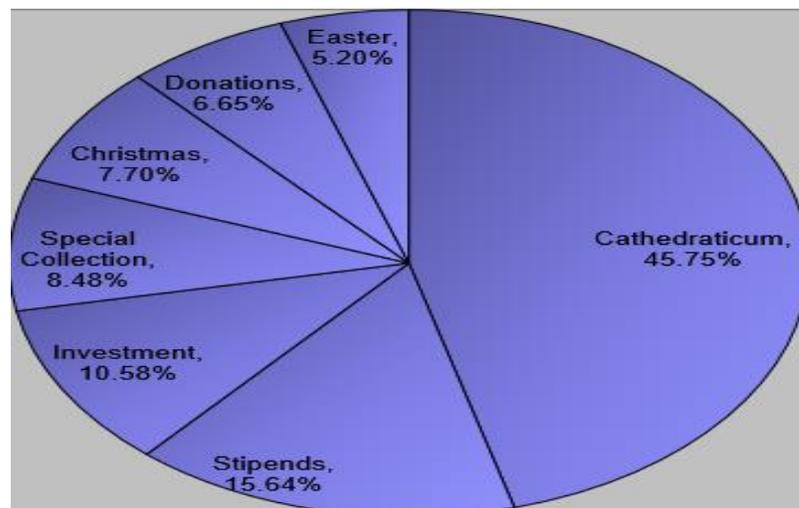
Priest Benefit Fund Financial Stewardship

The Diocese of Peterborough Priest's Benefit Fund (PBF) is a pooled, non-registered, defined benefit that collectively invests and administrates the funds per Diocesan Policy. The assets of the Fund are segregated and held in a separate fund under the supervision of the Bishop and the Diocesan Finance Council. The Diocese has been able to continue positive sustained growth of the PBF for the needs of our retired priests and those suffering from longer term illnesses. The chart below shows an encouraging trend of growth over the last thirteen (13) years from 2003 with approximately \$1,024,000 in the fund to the *December 2015 balance in excess of \$5,116,000.



*December 2016 Financial Statements have not yet been finalized

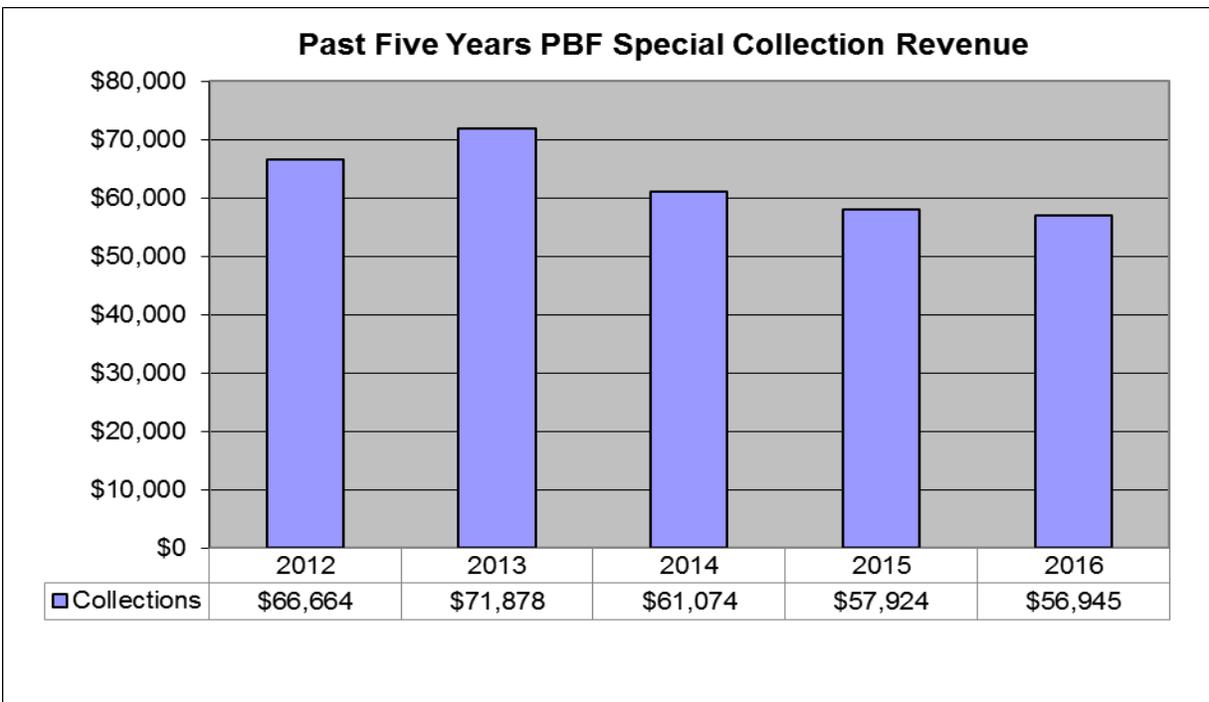
Where PBF revenues are derived from. These figures have been averaged based on calendar year 2012 through *2016.



The Diocese is in a similar position as many other Dioceses' who have not had the ability to set aside sufficient funds to meet retirement benefit payments and budget, but instead apply a pay-as-go basis in the year the benefit costs become due and payable. The Diocese commissioned an actuarial study through Morneau Shepell in early 2015 which took into consideration the market value of the fund, investment interest rate assumptions less the basic retirement benefits and health care for retired and long term ill beneficiaries. Based on the 2015 Actuarial Report the total unfunded liability for priest's benefits is \$5,063,000 with 56% being funded, based on the retirement age of 75. Between the years of 2012 through 2015 the average annual costs for retirement benefits and health care was \$498,437. In early 2016 an updated Priest Benefit Fund Policy was promulgated which fashioned a new Advisory Committee to advise the Bishop on matters concerning the Fund and consisted of (3) elected members from the presbyterate at large, (2) appointed members and Diocesan staff.

If retirement age was reduced to 70, the unfunded liability increased to \$6,656,700 showing a reduction to a 41.9% funded ratio.

It is evident, that to fund the deficit an increase in the annual special collections is required. This year the Diocese has the ambitious goal to reduce the gap between actual annual retirement collections and expenditures, particularly related to the PBF collection.



**2016 estimate only*

It is the Diocese's hope that in sharing this story of sound financial stewardship, generosity and sacrifice, we can all have confidence that the path we have walked is bringing us closer to our goal of meeting the ongoing and future needs of the retired and long term ill Diocesan priests. We thank all of you for your ongoing trust in the financial stewardship of the Diocese. It is the Diocese's optimism that this year's

June 18th PBF special collection will allow us to continue to reduce the unfunded liability while making the annual collection(s) represent a greater percentage of the annual expenditures.

The care of all current and future retired Diocesan priests is vital. We ask you to consider this and help make a difference.

Deb McRae,
Financial Administrator
Diocese of Peterborough