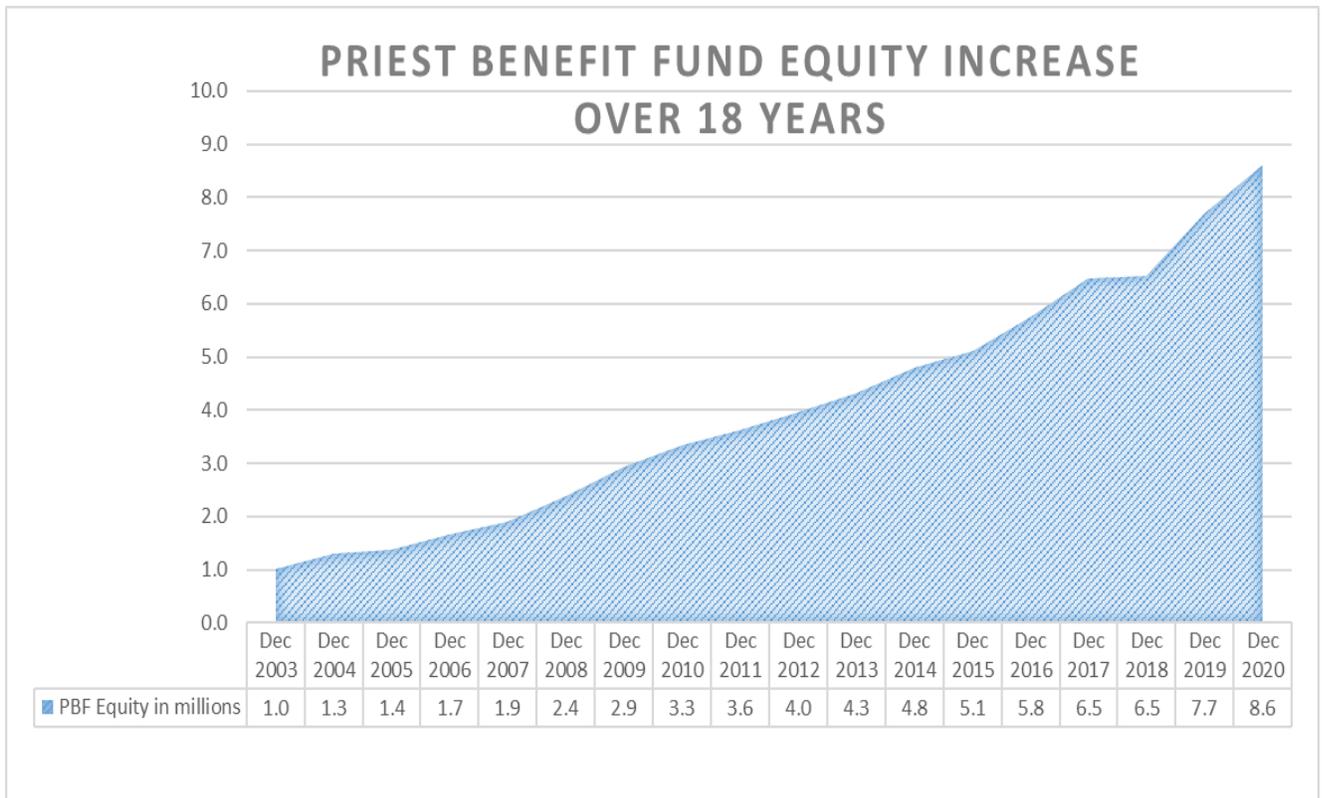


Priest Benefit Fund Financial Stewardship

From the Diocesan Pastoral Centre Temporal Affairs Office

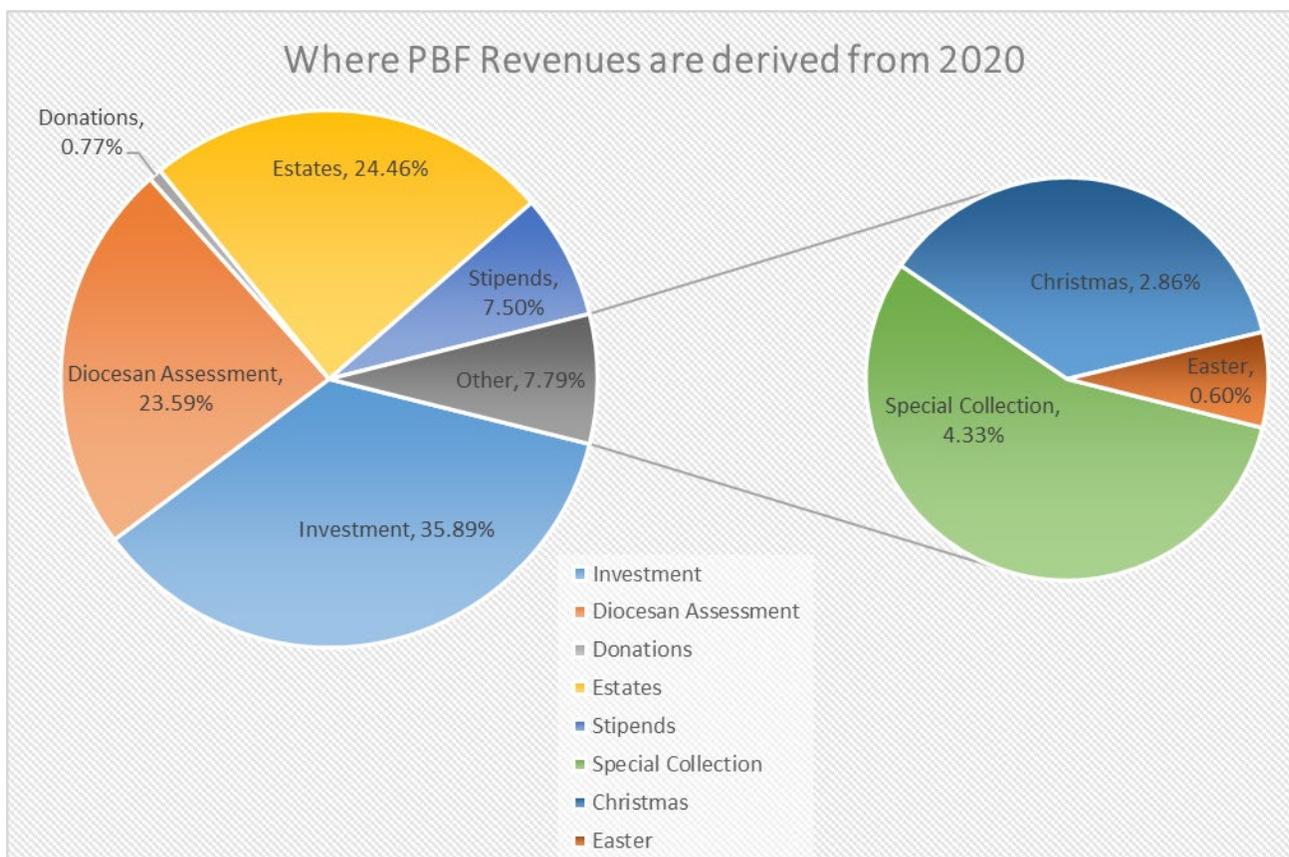
The Diocese of Peterborough Priest’s Benefit Fund (PBF) is a pooled, non-registered, defined benefit that collectively invests and administrates the funds per Diocesan Policy. The assets of the Fund are segregated and held in a separate fund under the supervision of His Excellency Bishop D. Miehm, the PBF Advisory Committee, 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 eighteen (18) years from 2003 having approximately \$1,024,000 in equity to the *December 2020 equity balance more than *\$8,560,710. **Note the fund is in an Actuarial Deficit position – details further into the article.*

*December 2020 Financial Statements have not yet been finalized and maybe subject to change.



Where PBF revenues are derived from.

The chart below has been averaged based on calendar years 2012 through 2020 and demonstrates that special collections compromise only 7.79%, versus previous years of 11.3%, of overall PBF annual income.



The Diocese of Peterborough is in a similar position as many other Dioceses who have not had the ability to set aside enough funds to meet retirement benefit payments and budget, 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 and again in 2018 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 2018 Actuarial Report the total unfunded liability for post retirement priest's benefits was \$1,745,700 with **78.6% being funded** based on clergy retirement age of 75. The 2018 Actuarial Study showed dramatic improvement from the 2015 unfunded actuarial liability of \$5,063,000 or 48.7% being funded. Between the years of 2012 through 2020 the average annual costs for retirement benefits and health care were \$486,000. The current period of volatility in markets (coronavirus) will undoubtedly continue to affect the largest percentage of income for the PBF. The Diocesan is currently undertaking the 2021 PBF Actuarial Study and will have results mid year.

His Excellency Bishop D. Miehm, the PBF Advisory Committee, Diocesan Finance Council and staff closely monitor the PBF investment. The calendar year 2020 was stable to investors/investments and the PBF ended the 2020 calendar year with an approximate 6.32% or \$119,200 versus previous year of 13% earnings from investments after fees.

It is evident, that we must continue to fund the deficit by increasing the three-annual special collections. Again, 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.



It is our 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.

It is with great thanks to 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 13th PBF special collection** will allow us to continue to reduce the unfunded liability while making the annual collection(s) represent a greater percentage of funding the Priest Benefit Fund’s annual expenditures.

Donations can be made to the Diocesan Pastoral Centre, care of PBF, any Diocese of Peterborough parish and electronically by credit card or PayPal on the Diocesan website at: <https://www.peterboroughdiocese.org/en/get-involved/donate.aspx> under the Fund drop down choice “2. Care of Retired Priests”.

The care of all current and future retired Diocesan priests is vital. We kindly thank you for your past generosity in assisting in the care of our retired priests and ask you to consider continuing to make a difference.

Thank you, Deb McRae
 Diocesan Director of Finance, Property and Administration