

## Retirement Benefits for Priests Outline

- I. **Normal Retirement Benefits.** Effective as of July 1, 2016, the Normal Retirement Benefit payable under the Plan to a Participant who retires on or after July 1, 2016 shall be a monthly benefit payable for the lifetime of the Participant in the amount of \$1,000 (the “Base Monthly Benefit”).
- II. **Adjustments to Normal Retirement Benefits for Credited Service in Excess of 10 Years.** The Base Monthly Benefit payable under Section III above shall be increased by 2% for each year of Credited Service earned by the Participant in excess of 10 years, provided that at age 65 a maximum of 20 additional years of Credited Service will be taken into account under this sentence, and provided further that a maximum of 10 additional years of Credited Service will be taken into account under this sentence with respect to years of Credited Service earned after attaining age 65. For purposes of administering this Section IV, the computation period for determining years of Credited Service earned after attaining age 65 shall be the 12-consecutive-month period beginning on the Participant’s 65<sup>th</sup> birthday and on each anniversary thereof, and an additional 2% increase in the amount of the Participant’s Base Monthly Benefit shall be made as of each such birthday after attaining age 65 only if the Participant earns a whole additional year of Credited Service in the computation period ending on that birthday.

### **Examples:**

- Priest who is 65 years old and has served 28 years in ministry for the Diocese of Lansing will receive his base of \$1000 per month plus 2% for each additional year over ten years, which is 18 years in this case for an additional \$360 per month for a total pension payment of \$1360 per month for life.
- Priest who is 70 years old and has served 42 years in ministry for the Diocese of Lansing. He will receive his base of \$1000 per month for his first ten years of service and a maximum of 30 additional years of service at 2% per year (\$600) for a maximum retirement benefit of \$1600 per month for life.

III. **Medicare Supplemental Insurance for priests eligible for Medicare.**

As long as the priest contributed to Social Security during his employment, he is eligible for the Medicare supplemental insurance through the pension plan. This is at no additional cost to him because the pension plan covers the cost of the supplement. The current Medicare supplemental plan is through Aetna Medicare Advantage Plan (Aetna MAP).

If the priest opted out of Social Security and never contributed, the he isn’t eligible for Medicare. His pension benefit will be reduced by a set dollar amount to offset about half of the cost of the pension plan paying for his supplemental medical insurance, which is significantly more expensive than the Medicare supplemental plan. As of January, 2019, the pension benefit reduction for the cost of this insurance is \$500 per month. This cost is evaluated annually by the pension and is subject to increase based on the increased costs of the insurance supplement to the pension plan.

IV. **Auto Insurance for Retired Priests who live in Michigan.**

Retired priests who maintain residence in Michigan will continue to qualify for auto insurance at no cost. The pension plan will cover the costs of the insurance. If a retired priest moves out of state, he will need to contact the Bishop to discuss whether his out of state coverage will be reimbursable. If approved, the Diocese of Lansing will forward that approval to the MCC to continue coverage. These requests are handled on a case by case basis.

V. **Dental Insurance for Retired Priests.**

Retired priests will continue to receive their current Delta Dental coverage into retirement at no additional costs to them. The coverage is the same as it is for active priests.

VI. **Senior Priest Housing Allowance.**

Senior priests are mailed a form each year by the diocese where they can submit their housing costs which includes utilities and upkeep on their personal residence. The diocese sends this information to the MCC so that the amount is noted on the senior priest's 1099R each year for tax purposes.