

# Retirement Fund for Religious

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National Religious Retirement Office

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## News



### The 2012 Actuarial Report: Narrowing the Gap

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In 2007, Catholic bishops of the United States voted to extend the annual Retirement Fund for Religious (RFR) collection for an additional ten years until 2017. Their resolution mandated that an actuarial study be performed halfway into this ten-year period to forecast ongoing retirement-funding levels and elder-care costs among religious communities. In 2012, then, the National Religious Retirement Office (NRRO) commissioned Mercer Human Resources to perform these calculations. (A similar study was completed in 2004.) The results of the new report reveal that, while the unfunded retirement liability remains profound, progress is being made towards narrowing the gap between retirement needs and available funding.

Both the 2004 and the 2012 studies utilize data compiled by the NRRO, but it is important to note that the projections are based only on religious communities that apply for financial assistance. (In contrast, NRRO's statistical data includes religious communities that do not apply for assistance but still furnish some demographic information.) Because the pool of applicant religious institutes varies between the two reports, it is difficult to draw one-to-one conclusions. However, the findings illustrate overall trends in retirement funding and elder care among religious communities in the United States.

The actuarial study also reinforces what we know to be the critical components of retirement planning. In the coming years, we must continue to do the following:

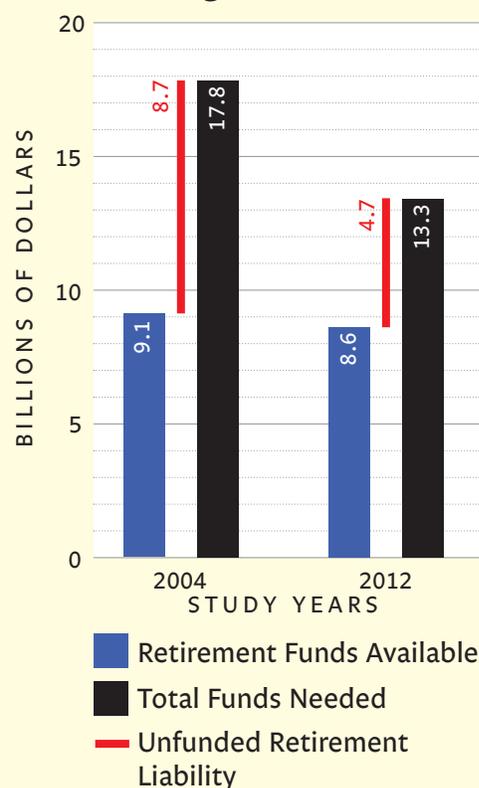
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The full actuarial study may be viewed at our website.  
[www.usccb.org/nrro](http://www.usccb.org/nrro)

#### Action Alert

Please submit applications for Direct Care Assistance as soon as possible. Forms must be postmarked by April 1, 2013.

#### Funding Status



The 2012 actuarial report shows that unfunded liability has decreased to \$4.7 billion.

## The 2012 Actuarial Report: Narrowing the Gap, continued

### Reduce costs.

In the 2004 study, the average cost of care was anticipated to increase at a rate of six percent annually. Actual cost increases came in below that rate, which has, in turn, led to a decrease in the retirement expenses forecast for the next twenty years. Lower costs, of course, mean fewer funds will be required to underwrite the projected need.

### Manage assets wisely.

The 2012 actuarial study revealed that the overall investment balance among religious communities performed at a higher rate than was expected in 2004. Given the economic downturn in our country over the last several years, this is particularly good news. Anecdotally, our work with religious communities, especially those participating in the Planning and Implementation Assistance process, has shown us that religious are also making tough choices to enhance their bottom lines. Many communities have sold motherhouses and other congregational properties. Proceeds from property divestment and/or improved property utilization have led to greater retirement savings, decreased costs, and a more stable financial footing.

### Make Social Security part of retirement planning.

Since the RFR collection was launched, the NRRO has encouraged religious communities to participate in Social Security wherever possible, even when this required purchasing retroactive coverage. Indeed, investment in Social Security has had a positive impact on retirement funding at numerous religious institutes, perhaps most critically because of the access it provides to Medicare. Although we still encourage participation in Social Security, we now do so with a note of caution. For institutes with a high median age who are not already enrolled, the investment in Social Security may no longer be a prudent choice. For these institutes, it may be wiser to apply for Supplemental Security Income (SSI) and Medicaid.

### Remain diligent.

The unfunded retirement liability continues to be among the most critical challenges facing religious communities today. However, the 2012 actuarial study reveals that the outlook may be improving. While the current assets and projected income of religious institutes still are not sufficient to meet the anticipated need, the gap is narrowing. The overwhelming and continued generosity of U.S. Catholics to the Retirement Fund for Religious has enabled our office to provide targeted financial and consultative assistance. This assistance—coupled with conscientious stewardship and careful fiscal planning—has enabled numerous religious communities to transform their retirement crises into manageable concerns. As we look to the remaining five years of the RFR collection, our office will strive to assist as many religious communities as possible in stabilizing their retirement savings and planning for the future.

## NRRO Calendar

### February 2013

**12** NRRO Webinar—*Care for the Caregiver*

### March

**17–20** Assembly of National Conference of Vicars for Religious, Chicago, IL

**20–21** NRRO Workshop—*Through Grief to New Life: A Spirituality for Meeting God in Transition Times*, Irvine, CA

**21–24** LCWR New Leaders' Workshop, Mundelein, IL

### April

**2–4** NCDC Workshop—*Fundamentals and More*, Darien, IL

**16–18** NRRO Planning and Implementation Workshop, Dayton, OH

**26** NRRO Assistance Review Committee Meeting

### May

**1** NRRO Management Committee Meeting

**14** NRRO Webinar—Topic TBD

## Message from the Executive Director

When our staff first started discussing the idea of featuring the actuarial report in our newsletter, I think I may have actually yawned. Except for a chosen few who are blessed with a love of numbers, I think most people find that actuarial studies have a soporific, if not downright nap-inducing, effect! But as I considered the topic, I realized that these numbers reflect both a progress and a reality that are central to the mission of the Retirement Fund for Religious (RFR). While there remains a worrisome shortfall between retirement funding and retirement needs, significant strides have been made toward closing this gap.

As noted in our feature article, because of variations in the data, it is difficult to draw direct comparisons between the 2004 and 2012 actuarial studies. However, certain findings, especially those related to cost of care, seem particularly encouraging. The 2004 study projected that, barring any unforeseen infusions of money, retirement funding among religious communities would run out by the year 2023. The new study forecasts that these funds will last seven years longer. This is due largely to the fact that the cost of care has not risen at the rate anticipated in 2004.

When it comes to retirement funding, many factors are clearly outside of a religious institute's control. Even with careful research, no one can predict exactly how investments will perform or which medical expenses will be covered by insurance and which won't. However, religious communities do have significant control over how and where elder care is delivered, and most make consistent efforts to keep costs in check. The 2012 report demonstrates the meaningful impact these efforts can have on overall retirement funding.



Of course, an actuarial study is simply an attempt to estimate future demographics and the related costs of living. Like any type of forecast, it is based on the best information available at the time. These projections can aid us in our planning and in our efforts to be responsible stewards of God's gifts; but they are, in the end, merely indicators and not certainties.

St. Ignatius of Loyola is often credited with the notion that we should work as though everything depends on us but trust as though everything depends on God. I think this is an approach we need to embrace when it comes to the retirement liability for religious communities. The thought of addressing an unfunded need that remains in the billions of dollars can be both overwhelming and discouraging. So, while we take seriously the responsibility to do our part, we know that our efforts alone are not the ultimate determinant of the future. With eyes of faith, we can see that what lies ahead is in God's hands, and we are safe there.

May our loving God bless you,

Sister Janice Bader, CPPS

### Announcements and Reminders

#### Go Green

To receive this newsletter electronically, please contact us at [retirement@usccb.org](mailto:retirement@usccb.org) to have your e-mail address added to our distribution list.

#### Stay Connected

Please send changes in address, phone, e-mail, or congregational leadership to the NRRO, c/o Tiffany Lezama ([tlezama@usccb.org](mailto:tlezama@usccb.org)), so that we may keep our records and mailing lists updated.

#### Bequests

If you would like to make a bequest or restricted gift to the National Religious Retirement Office, please use the following language:

To the United States Conference of Catholic Bishops Incorporated for the exclusive purpose of assisting Roman Catholic religious orders in the United States to provide for the retirement needs of their elderly members.



# National Religious Retirement Office

Sponsor of the Retirement Fund for Religious

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The National Religious Retirement Office coordinates the national collection for the Retirement Fund for Religious and distributes these funds to eligible religious institutes for their retirement needs. Our mission is to support, educate, and assist religious institutes in the U.S. to embrace their current retirement reality and to plan for the future.

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