



The Diocese of Nottingham

Retired Priests Appeal

Questions and Answers

1. Why is this appeal necessary?

Each diocese has a duty to look after its retired priests. In years gone by there were relatively more 'Mass goers' in relation to the number of priests to be supported and the "pay as you go" basis with the current year's collections paying for the current year's grants to the retired priests coped with the demand. We now have more retired priests in relation to those giving and this is expected to increase greatly in the next few years.

2. Is this the only reason for the appeal?

No, but it is the main one. The need is not going to go away and indeed is likely to increase because of the longer expectation of life these days. While the diocese moves to a more sustainable system, funds are needed for us to care for those who have given us such wonderful service in the past. An appeal will allow each parishioner who has so much to be thankful for to make a gift, which is appropriate to their means. It will also allow us to reclaim tax through Gift Aid.

3. Is Nottingham the only diocese having such an appeal?

No. Other dioceses are having appeals although some of these are for more general purposes than just for sick and retired priests.

4. What does a working priest receive by way of income?

Priests working in parishes are given a stipend from their parishes who maintain their expenses. The priest himself can choose one of two schemes:

SCHEME A: the priest receives a stipend of £1500 per year and retains all church source income (baptism, wedding, funeral fees) and the Mass Offerings and the Christmas and Easter Offerings.

SCHEME B: the priest receives a stipend of £5700 per year and pays all of the above into the parish.

5. What does a retired priest live on?

The usual grant paid from the Sick and Retired Priests Fund is currently £6,000 per annum, although reviewed from time to time. A priest also receives a state pension and by custom receives a supply fee from parishes where he "supplies" when the usual parish priest is on

holiday or sick; only a few are able to supply. Not all priests receive this grant because not all need it. Others, whose needs are greater, receive more. Some priests are not well enough to travel the sometimes long distances needed to offer 'supply'.

6. Aren't we in danger of concentrating too much on financial needs?

A priest's material needs, for which we are currently appealing, are not the only needs a retired priest has. A Bishop's Chaplain for Sick and Retired Priests has been appointed and he is the main person in the Diocese who is responsible for seeing that all of the needs of retired priests, and not just financial ones, are catered for. Another senior priest has been appointed to be the Assistant Bishop's Chaplain for Sick and Retired Priests

7. What is the annual shortfall for the Sick and Retired Priests Fund?

For the year just past and before the contribution from the Diocese there was a shortfall of £43,000. However that was based on grants which had to be paid for 27 priests and also included a legacy which by its nature is a "one off". Within 5 years the numbers in retirement are expected to increase to 50 priests and clearly to run down the fund is not acceptable. Also the currently serving priests include 11 who are over the canonical retirement age (75) for priests and obviously they will not be able to carry on for ever.

8. What options were considered by the diocesan trustees?

There were three.

a) Selling property:

Even if collectively the diocese had sufficient surplus properties (which it does not) most properties are assets of parishes and not under the direct control of the diocesan trustees. In any case it does not seem right to consider selling at this stage of the property cycle.

b) Raising the quota.

An option was just to raise the Diocesan Quota. This would have passed much of the burden to the future generation at a time when Mass attendance is falling and doing this might be considered unreasonable because the future generations should not have to deal with the past service for which we are the beneficiaries.

c) An appeal

To avoid having to raise suddenly the Diocesan Quota for past service needs, and for us to leave the future manageable an appeal is a time limited solution for a time limited problem. The object is to build up the fund from which both interest and capital can be used for the means tested grants for maintaining our sick and retired priests. For the future, priests will have a contribution made each year per priest so that there is, by the time he retires, a pot out of which grants can be made for him. However this has not been done in the past and so there is a substantial back liability to be made up both for those priests currently serving as well as for those who have already retired.

Eventually the Sick and Retired Priests' Fund will settle down on its new ongoing basis where the balance on the fund will represent a figure which will provide for those already retired, however many there may be of these and provide a pro rata amount for the retirement for those still in service, however many there be of these as well.

There will be a continuing need for contingencies such as provision for sick priests.

9. How have you calculated that £5 million is needed?

	£millions
The amount we need to keep those currently already retired through sickness or above 75 years old on their current grant level	3.8
The amount that needs to be provided for those under 75 currently in ministry, but taking into account annual contributions which will be payable	2.8
Total	6.6
Less:	
The current value of the Sick and Retired priests Fund	1.3
Money to be paid by the Priests' Pension Fund	0.3
Total	1.6
Amount needed to be raised by the Appeal	5.0

If no fund raising was done then the existing fund would eventually run out, although the exact timing of this would depend on a number of factors and principally on the number of priests deciding to postpone their retirement. If we raise the £5 million proposed then we would have sufficient capital to provide for all priests already retired and a pro rata amount for those currently working. This amount takes into account the need for a relatively small ongoing contribution per priest to ensure that the fund, when he retires, will have sufficient funds to pay for his retirement without affecting the financing of the retirement of other priests. Further, and more importantly, the fund then would have a robust basis which would ensure that for the future the system set up would provide for all retiring priests, however many, or however few, for whom the Diocese had to provide.

The assumptions made above include a 40 year working life and a grant of £6000 per annum, and adjustments have been made, for example, for those priests who are known to have pensions from earlier employments.

For the ongoing contributions a 12.05 year expectation of life at age 75 and a 40 year working life with a grant of £6,000 per annum in retirement indicates a basic annual contribution, for the future, of around £1,800 per priest per annum when he is working. However this will be subject to minor adjustments each year as the condition of the fund is recalculated to take into account deaths and retirements.

This calculation has many assumptions but we needed to begin somewhere and the amount being sought is in line with similar appeals in dioceses elsewhere round the country.

10. So does this mean that annual contributions will still be needed?

An annual contribution from the parishes will still be needed for each priest who is not yet retired so that when he reaches retirement there will be sufficient to provide for him. This means, of course, that when a priest is ordained for the Diocese an annual contribution will

be paid for him to the Sick and Retired Priests Fund throughout his working life until he retires and so this fund will always be at an adequate level for the priests it needs to support.

11. How accurate are the calculations?

These calculations include a huge number of estimates - longevity, needs of priests, numbers who retire early, numbers who carry on after the usual retirement age of 75. In particular, no account has been taken of inflation in that the benefit of investment returns within the Sick and Retired Priests Fund should be greater than this in the longer term. This does mean that the calculations will need to be looked at again on an annual basis. The annual contribution from the parish in relation to each priest who has not retired can then be adjusted if necessary, but provided these calculations are looked at annually, only a relatively small adjustment will be required each year.

12. Why, when the average grants are running at between £200 and £250 thousand per annum do we need to raise so much now?

The amount needed per annum is expected to rise relatively quickly to £300 and then to £350 thousand per annum over the next few years as a number of priests come up to the age of 75 at which they offer their retirement. The exact amount will depend on how many defer their retirement and on how many currently working beyond the age of 75 will retire.

In moving towards a fully funded basis for retirement one must remember that assuming a 40 year working life and a 12 year retirement part of the amount raised during the appeal period will still be being spent in 52 years' time.

On the other hand, assuming a 3% dividend income from investments then one would be talking about a £10 million pound fund to provide just £300 thousand per annum which will be our expected annual requirement fairly soon..

That is why we think that the current approach involving a £5 million appeal is the correct one. It allows for a notional amount to be built up for each priest over his working life so that when he retires the Diocese can use that notional amount in providing grants for his retirement.

13. How long will the appeal last?

We plan to start after Easter 2013 and finish by the end of December 2014. That said we anticipate further money will come into the fund into the year 2017 from pledged regular donations to it.

14. £5 million seems a big sum.

At first sight it seems so. But when it is divided up across the parishes the sums needed appear much more achievable. We have given to every parish a guideline as to what sort of sum would need to be raised amongst their parishioners for us to secure what is needed. We arrived at these figures by dividing up the overall target we were set using proportions derived from the Diocesan Quota and taking into account any special circumstances we were aware of such as outstanding loans to be paid off.

Monthly giving over four years is a good way larger sums become much more affordable. The Appeal Committee is also trying to raise as much as possible from other individuals, organisations, companies and trusts to supplement what is raised in parishes. Priests of the diocese, in active ministry or retired, started the ball rolling by generously pledging donations and they were followed by members of the Appeal Committee and other leading volunteers.

15. How much of my contribution will be used up in appeal expenses?

All the expenses, including those of the fundraisers, are borne by the Diocese out of a legacy received during 2012. The total budget for expenditure is £144,000 which set against a target of £5 million amounts to just 3%. As at the end of May, £70,000 had been spent compared with income of over £400,000 ie 17.5%. As the momentum builds and income continues to grow, this percentage will decrease. These figures compare favourably with industry averages.

While the appeal expenses are funded by a legacy – not by the income of the appeal - we are exercising as much care as we can over expenses without compromising our ability to run the appeal effectively and economically. The complexity of the task is such that without a good infrastructure, the very many volunteers involved would ‘keel over’ because of the volume of work. Much of the output is on salaries and if we did not have paid employees the volunteers, many of whom work during the week, would find the whole burden too much. Indeed the support of a central office was for some potential deanery leaders an important factor in their decision to sign up.

The rule of thumb operated in the appeal office is that every penny of expenditure must be justified, in terms of the success and efficiency of the appeal. A small example is the use of second class postage where possible and the very welcome work experience we offered to Nottingham Trent students in the making of the video. Postage cuts down on the inevitable costs to volunteers driving around – and even then many have absorbed the costs to themselves. With 180 Mass centres, not to have good source material would leave an unreasonable burden of verbal explanations for parish representatives. Once we have created materials, the printing costs are small and we have attempted to balance quality with cost efficiency.

16. What if my parish is unable to give at the suggested level?

These figures are guidelines to help parishes assess the scale of the task. If you suspect that your parish may not be able to raise the sum we have suggested, let us know. We can come and talk this through with you and suggest ways we can help.

The phase of parishioner contributions has two parts. The first is seeking pledges and other individual donations. Once that is completed we will encourage fundraising events by providing ideas. Some parishes have decided to use part of their savings, but the initiative for that comes from them, not us.

17. What if my parish raises more than the suggested level?

That will be terrific. We fully expect some will surpass the suggested amounts. As we say, they are guidelines rather than targets.

18. Suppose you raise too little or too much money from the appeal?

Other dioceses have raised much larger sums of money and we expect that this figure will be achievable. If we raise more than £5 million it will then be possible to reduce the annual contributions from parishes payable in respect of priests and so more money will be available for other objectives such as for catechesis and other mission activities of a Catholic diocese in the 21st Century. If too little is raised the Diocesan Trustees will have to consider carefully how the ongoing support for the retired clergy of the Diocese will be met. Any change to the Diocesan Quota would lead to a consultation process between the Bishop, the Council of Priests, parishioners and the Diocesan Trustees in the usual way. There is, of course, no question of our not properly supporting our sick and retired priests.