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THE MYSTERY OF THE CRUMBLING "CHURCH PLAN" EXCEPTION

DEIRDRE HALLORAN, USCC

Paulette has just discussed some statistics with respect to diocesan plans. Dissatisfaction with those diocesan pension plans led a number of Church groups, including the National Catholic Education Association, the National Association of Church Personnel Administrators, the USCC Committee on Education and the Diocesan Directors of Religious Education, in September 1988, to petition the USCC Administrative Board to sanction a study on the portability of pension benefits among diocesan pension plans.

The Administrative Board did approve a preliminary study and an ad hoc USCC Staff Committee was formed on which I served. In March of this year, acting on staff recommendations, the Administrative Board approved a feasibility study on portability of pension benefits among diocesan lay pension plans. This study will be subject to outside funding. A foundation has expressed interest in funding the study, so there is a very good chance that it will go forward.

What exactly is pension portability? What are we talking about here? In the narrowest sense, pension portability is the ability of an employee to carry his or her pension benefit with him when he moves to another job within the Church. In the broader sense, portability can encompass a whole range of mechanisms to protect employees' pension benefits when they change jobs. Portability could include such things as shortening vesting schedules down to three or five years. It could include inter-diocesan agreements to transfer pension assets when an employee moves from one diocesan plan to another diocesan plan. It could include reciprocity or giving full credit for past service with any other diocesan employer. There is a reciprocity system currently operating for the Canadian teachers' retirement program. Finally, portability could involve increased use of defined contribution plans. The NACPA data suggest that the vast majority of diocesan plans are defined benefit plans.

The USCC feasibility study will be limited to the study of diocesan lay pension plans. It will not consider any sort of pension arrangements

for priests or religious. It will not address the issue of comparability of benefits among the various dioceses. And finally, it will not consider the formation of a national pension plan. We are currently in the process of developing an RFP to hire the consultants who will actually perform this study. In September, we will submit a proposal to the foundation that has expressed interest in funding the project. With a little bit of luck, this study will get under way in early 1990, and you will be hearing more about it at that time, I am sure.