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Milwaukee Archdiocese says pension recipients being paid on time

by Ricardo Torres by Catholic News Service

MILWAUKEE -- All employee benefits have been paid on a timely basis and pension plans will continue to pay all benefits in the immediate future, the Archdiocese of Milwaukee assured pension recipients and contributors in a "media clarification" issued Oct. 26.

The archdiocese issued the clarification in response to an Oct. 25 story in the Milwaukee Journal Sentinel stating that pension funds operated by the Archdiocese of Milwaukee "have unfunded liabilities totaling \$41.8 million, according to documents filed as part of the archdiocese's bankruptcy proceedings."

"As has been historically the case, all employee benefits have been paid on a timely basis and it is clear that the plans will continue to pay all benefits payable in the immediate future," said Jerry Topczewski, chief of staff for Milwaukee Archbishop Jerome E. ListECKI, in an email to pension investors, which also was posted on the archdiocesan website, www.archmil.org.

"The archdiocese intends to continue the retirement plans and continue making payments in the years to come," it said. "Thus, we believe that there is no current cause for concern for employees."

In the response, the archdiocese said the plans have significant assets because of regular contributions, including additional funding to address the underfunding.

Topczewski noted that assets in the lay pension plan, the one in which parishes and school employees participate, have increased by more than \$36 million in the 12 months that ended in June 2011, but the third quarter of 2011 likely showed a decrease because of the poor performance of the stock market.

"Likely, so far in the fourth quarter, again because of investment performance, the plan assets have

probably increased again," he explained in an email to the Catholic Herald, Milwaukee archdiocesan newspaper.

"The Archdiocese of Milwaukee is just one of about 200 employers in the multi-employer pension plan, which is the plan for lay employees," Topczewski said. "If you are the principal of XYZ school, then XYZ school is your employer and XYZ school is the participant in the multi-employer plan."

Topczewski said the calculation of current pension rates is based on an actuarial calculation at a specific moment in time. The calculation would change daily if it were done daily because of the fluctuation of the plan's investments.

"Due to poor investment experience in the last few years, many, if not most, defined benefit pension plans across the country are underfunded," said Topczewski. "It is an issue that must be addressed in the long term but does not affect any plan participants in the near term."

The Catholic Herald reported in January that besides the archdiocese, employees of Catholic Charities, St. Francis Seminary, the Milwaukee Catholic Press Apostolate, archdiocesan cemeteries, parishes and schools also contribute to the multi-payer plan.

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John Marek, chief financial officer for the Archdiocese of Milwaukee, said it's difficult to determine the future of the current pension plan because there is no "crystal ball" to foresee regulations.

"Circumstances can change, laws can change," Marek said. "We are currently maintaining and supporting the plan."

The recent volatility on Wall Street does affect pension plans, he said.

"The stock market goes up 10 points, that means investments held by the pension plan are probably going to have more value today than they did at the end of yesterday and if it goes down, it's going to go the other way," Marek said. "Every day there is going to be a new value."

At the beginning of the year, the Milwaukee Archdiocese filed a petition for a Chapter 11 reorganization of its financial affairs under the U.S. Bankruptcy Code.

In a Jan. 4 statement announcing the filing, the archbishop said Chapter 11 reorganization would allow the archdiocese to fairly compensate survivors of clergy sex abuse who had unresolved claims and would enable the archdiocese to "carry on the essential ministries of the archdiocese so we can continue to meet the needs of our parishes, parishioners and others who rely upon the church for assistance."

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