Planning for Retirement and Mission

A Best Practices Study
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Planning for Retirement and Mission: 
A Best Practices Study

Research Conducted for the 
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Executive Summary

In Spring 2001, the Commission on Religious Life and Ministry engaged the Center for Applied Research in the Apostolate (CARA) at Georgetown University to conduct a “Best Practices” study of retirement and mission among religious institutes in the United States. The study was designed to identify and learn from religious institutes that are successfully addressing both the retirement needs of their members and the ongoing mission and ministry priorities of their institutes. The goal of the research was to identify a set of replicable models and practices for effectively meeting retirement needs while strengthening core viability.

For the first phase of the study, CARA examined archival data provided by the National Religious Retirement Office (NRRO). These data included information about the past service liability of religious institutes, the assets they have designated to fund their retirement needs, and the practices they have utilized in their financial and retirement planning. In addition, CARA conducted a survey of religious institutes that was designed to measure key dimensions of viability in areas such as the centrality of mission, the role of leadership, and the relationships among members of the institute. The survey also gathered information about the demographic characteristics of the institute. Based on the financial and retirement data from NRRO and the findings from the viability survey, CARA identified 52 religious institutes that have been especially successful in addressing their retirement needs while remaining viable in terms of mission and ministry.

During the second phase of the study, CARA examined a sample of these religious institutes in greater detail. This phase included surveys of the membership of 18 religious institutes and site visits and/or other follow-up study with ten of these institutes. Like the survey of religious institutes, the membership surveys were designed to help assess the viability of the institute. These surveys measured attitudes about the importance of various dimensions of life as a member of the institute and perceptions about the role of mission, ministry, and community in the life of the institute. The surveys also examined the attitudes, perceptions, and experiences of members regarding care for senior and retired
members and planning for current and future retirement needs. The site visits examined these issues in greater depth. In particular, they focused on understanding the strategies and practices these institutes have used both to fund retirement needs while providing cost-effective, quality care for senior and infirm members and to maintain a focus on mission while promoting quality of life for younger and active members. The site visits, which were conducted with seven religious institutes, included one-on-one interviews, focus groups, and review of documents. CARA also conducted interviews and other follow-up studies with another three religious institutes.

In each of the selection processes to narrow the list of candidates for further study, institutes that met the appropriate criteria were chosen to be representative of various types of religious institutes and different levels of governance, that is, congregations, provinces, and monasteries. Among the institutes under consideration at each stage of the study were institutes of men and institutes of women; apostolic and contemplative institutes; diocesan and pontifical institutes; institutes of different sizes; and institutes with various geographic characteristics such as different regions of the country; urban, suburban, small town, and rural location; and localized and dispersed distribution of members.
States in Which Selected Institutes are Represented

Site Visits and Follow-up
Institutes Selected for In-depth Study

- Motherhouse, Provincialate, or Monastery Visited (7)
- Motherhouse or Provincialate with Follow-up (3)

States in Which Selected Institutes are Represented

- States in Which Selected Institutes are Represented
Major Findings

Major findings from the study include the following:

- Each of the institutes identified in this study worked diligently to address the present and future retirement needs of their members while maintaining a focus on mission and ministry. No single decision made the difference between success and failure; rather, in all cases a combination of wise choices created the conditions necessary for success.

- Successful planning is not done in a vacuum. Institute leadership sought out good advice, engaged experts, commissioned studies, relied on the experience of other institutes, and consulted with members. In other words, they did all they could to make informed choices from the options available to them.

- The institutes that successfully reduced their retirement shortfall while maintaining their focus on mission and ministry did so by facing the issues head on. Addressing the problem required a concerted effort that involved both leaders and members working together at common purpose.

- Communication and consultation are key to success. These institutes wisely involved members from the beginning, to the extent possible given each institute’s unique culture and structure. They took deliberate steps to keep members informed and involved in planning processes.

- Planning for retirement and mission is most successful when the institute makes a deliberate effort to balance commitment to mission with responsibility to care for members. There should be some balance in addressing the needs of both active and retired members.
Best Practices

There are certain commonalities among the religious institutes that have been identified in this study as being especially successful in addressing their retirement needs while remaining focused on maintaining and extending their mission. Some of these “best practices” are characteristic of several of the religious institutes that were studied, while others were unique to just one or two. Each of them is more broadly applicable than to any particular institute and can be adapted and applied to nearly any institute that is interested in addressing their retirement needs and staying focused on mission.

Financial and Retirement Planning

Almost all the religious institutes in the study have spent many years planning for their future financial and retirement needs. They have a long history of deliberate, intentional, proactive work in addressing these issues. Most did not begin to focus on these issues in any sort of concerted or coordinated fashion until the late 1980s when the issue of unfunded past service liability was brought to the fore by the famous Arthur Anderson study and the creation of the Retirement Fund for Religious and the Tri-Conference Retirement Office.

Each of these institutes illustrates the great strides that can be made in a relatively short time frame if the institute is willing to take the actions necessary to address these concerns. While each of these institutes consider themselves to have been blessed, they were not passive participants in planning. They recognized the need to plan for the future in time to be proactive.

The institutes that represent best practices in retirement planning recognized their need to tap into many sources both within and beyond the institute for assistance and insight. They followed the advice of experts they consulted in national organizations such as LCWR, NATRI, and NRRO. They did not hesitate to consult other knowledgeable consultants and advisors that could assist them in addressing particular aspects of retirement, such as financial consultants, architectural design experts, and
development professionals. Most also benefited from the insight and wisdom of their own members.

These institutes were blessed with the leadership of individuals who had the foresight to see the need to plan for the future while there was still time to plan. These leaders were able to read the signs of the times and predict that without immediate, concerted, coordinated action the enormity of the problem would overtake the institute and its ability to adapt. Finally, these leaders recognized that by finding a solution to the retirement funding crisis they were not only addressing the future retirement needs of their members but just as importantly they were creating a plan for furthering the mission of the institute.

**Commitment to Mission**

All of the institutes that were studied have a very strong commitment to their mission and a desire to see that mission continue. They see retirement planning as necessary not only to meet the needs of aging members but also for future viability and the freeing up of resources and personnel for mission. This commitment has been manifested in a number of different ways. In many cases, the institutes have engaged in renewed efforts to attract new members, usually through appointing a full-time vocation director or a team dedicated to vocation and formation ministry. Other institutes have made a commitment to lay leadership development through raising up leaders in their institutions and works and working with them in their ministries and on their boards.

**Culture of the Community**

All planning for addressing the retirement needs of any community needs to be sensitive to the culture of the group. These institutes that are successfully addressing the retirement needs of their members seem to have a particularly strong sense of who they are and what they are about. Their communication with members about the need for retirement funding emphasizes the positive aspects of their culture and makes explicit the connections among retirement funding, charism, and mission.
Leadership

Each of these religious institutes has been blessed with knowledgeable, visionary leaders who encouraged planning. These leaders have the capacity to express their foresight and vision about what needs to be done in a way that earns them the respect and trust of members. In a number of cases, financial leadership worked together so closely with administrative leadership that the roles were sometimes exchanged among the leadership team. Not infrequently, former treasurers became presidents or provincials, and former provincials or presidents later became treasurers.

Leaders of these institutes recognize their need to seek out the very best advice and expertise available. Many have used the resources offered by NATRI and NRRO. They also regularly engaged outside consultants to assist them and the congregation in coming to a more complete understanding of their needs and options. In addition, they recognized the necessity of involving members in the planning process, to the extent possible given the culture of each institute. They actively sought out the wisdom of the members, through committees and task forces, and engaged them in becoming part of the solution. Finally, these leaders increasingly turned to lay persons and relied on their particular expertise for advisory boards, task forces, and as consultants.

Membership

Institutes that are successfully addressing their retirement needs are also successful in communicating those needs to their members. They have members that are well-informed and supportive of the decisions made by leadership. The members feel a sense of ownership in those decisions and share a sense of responsibility in seeing that the retirement needs of the congregation are addressed fully.

Communication with Members

Educating members and keeping them informed and involved in decision making was deemed vitally important by all of the institutes under study. Although the religious
institutes had different ways of doing this depending on the particular culture of the institute, each made this a priority. Whether it was a more top down approach that focused more on informing members or a very collaborative approach that involved membership in decisions at the grassroots level, each institute educated their members to develop a sense of ownership and responsibility for the future of the province or congregation.

Studies and Consultations

The religious institutes that were examined typically conducted numerous studies to assist them in their decision making processes. These ranged from actuarial studies of membership as an aid in forecasting future retirement funding need to surveys of membership to assess attitudes and priorities. Many of these institutes cited the NATRI/NRRO consultations as being particularly helpful in their planning efforts. Many also participated in the Collaborative Viability Project and benefited greatly from the involvement of members in various aspects of the study.

When working with consultants who were less familiar with the Catholic Church in general or religious life in particular, these institutes commented on the importance of working with those who understand religious life. They need to be able to recognize that the “bottom line” is not the most important thing in religious life.

Advisors and Advisory Boards

The religious institutes singled out as especially successful in addressing their financial and retirement needs have all benefited greatly from the assistance of advisors and advisory boards. The roles and responsibilities of these boards vary considerably across the institutes. The composition also varies somewhat, although typically they are comprised of both members from within the institute and advisors from outside the institute. What they have in common is the fact that they have all been chosen carefully for their expertise, so that the institute leaders can get the guidance they need in order to make the right decisions.
All of the apostolic religious institutes in the study addressed the question of stipends and salaries in some way. This issue has been one of the key factors in reducing unfunded past service liability. In most cases, the religious institutes collaborate with other religious institutes within a diocese or state to negotiate salaries with the bishop or bishops. In at least one case, a congregation takes the additional step of writing to individual pastors requesting higher stipends when possible.

These negotiations are ongoing, though for several of the religious institutes they are becoming somewhat less important as fewer members work in ministries that receive a diocesan stipend. For those with their own sponsored institutions, there has also been a movement toward parity with lay employees.

**Participation in Public Programs**

With one exception, all of the religious institutes that were included in phase two of the study opted to participate in Social Security. Most chose to buy in soon after they became eligible to do so in 1972, and to do so retroactive to 1969. For a variety of reasons, others did not participate until later. Interestingly, neither of the two institutes of men in the last part of study chose to buy into Social Security when they became eligible. One eventually decided to participate while the other elected to pass on Social Security.

In general, the religious institutes that were identified as especially successful in funding their retirement needs are more likely than others to participate in entitlement programs such as Social Security, Supplemental Security Income (SSI), Medicaid, Title XIX, and Qualified Medicare Beneficiary (QMB). Even among these institutes that had otherwise taken advantage of the many opportunities for improving their financial situation and retirement funding, many were not immediately aware of the benefits to which their members are entitled. In a few cases, it was only when the institute inquired about benefits for a particular member that they came to realize that other members also were entitled. Anecdotal evidence suggests that this experience is not uncommon.
Many of the institutes initially encountered resistance from their members when they first proposed participating in public programs such as SSI, QMB, and especially Medicaid. They soon realized that they needed to educate members to understand the value of these programs to the common good of the congregation. Most have found that members are supportive once they became more familiar with the specifics of the programs.

**Development**

A number of the religious institutes that were studied in depth have well-established development offices. Several had attempted capital campaigns in recent years. Many of them commented on the importance of working with those who understand religious life. A few specifically mentioned the assistance they received through the National Catholic Development Conference (NCDC). Several had been assisted by a program from the Lilly Endowment in setting up their development offices.

**Charitable Trust**

A number of religious institutes have established charitable trusts for their retirement assets. The chief advantage of a charitable trust according to those familiar with this practice is that it provides another layer of protection for the assets of a religious institute. Less important from a legal standpoint, but perhaps even more important from a retirement standpoint, is that it places limits on how the institute might use the assets it has designated for retirement.

**Property**

In most cases, these religious institutes have sold whatever property they could. Typically, they have put the profits from those sales into their retirement fund. For some, the sale of a particular property served as the beginning of their retirement fund. Several of the religious institutes have also found alternate uses for their property such as HUD-subsidized housing for low income, elderly and people with
disabilities. Others sold some of the property to organizations that would put it to good use. A few of these religious institutes created policies that mandated that the profits from any sale of land would go into their retirement fund.

**Retirement Facilities**

All of the religious institutes selected for further study were chosen in part because they provide high quality, cost-effective care for their retired and infirm members. The type of facilities in which members are cared for and how the members or the facilities are funded vary considerably across the institutes. Indeed, the specific institutes were chosen in part because they represent different types of retirement arrangements and different ways of funding those arrangements.

One of the most important aspects in providing quality care is the way members are treated by those who care for them. The importance of good employees that demonstrate a high level of care cannot be overstated. Care and support from active members and from leadership is also necessary.

Facilities that are decorated to provide a homey atmosphere for residents are more pleasant than those that appear sterile and cold. Residents are more comfortable when their surroundings are simple and functional, but also pleasant and tasteful. Satisfaction with their surroundings is evident in the positive attitude of the residents at these places.

**Medicaid Licensing**

The experiences of several of these institutes suggest that it is a good practice to carefully study the feasibility and cost-effectiveness of licensing on-site facilities. The process is long and arduous and requires a significant investment of time and resources into first studying the process and its feasibility, and then undertaking the changes that might be needed to bring the facility up to code. These changes may also require the temporary displacement of members, which should be another consideration.
**Collaborative Efforts**

Several of these institutes have found that the best way to provide for the needs of their elderly and infirm members is to collaborate with other religious institutes or with other provinces within their religious institute to share the expenses of care. Most of them are too small in number to provide more than a minimum level of care, but their members can have much better access to services and care in a larger facility that is operated in collaboration with others. For example, two of the institutes have benefited greatly from sharing facilities with other provinces within their institute, while another participated in a collaborative effort among sixteen religious institutes.

**Retirement Directors and Retirement Policies**

All of the institutes that were studied have at least informal processes for transitioning from active ministry to retirement. Although most institutes seem to have unspoken positive attitudes toward their senior and retired members – and hold them in very high regard – some have a written philosophy of aging and retirement that spells out the processes involved in this transition. Often these involve contact with someone in the leadership and/or administration of the institute, such as a member of the leadership team or a retirement director. In some cases, these processes have been formalized and are accompanied by pre-retirement and retirement policies and even policies regarding levels of care. Many of these processes incorporate a reflection component, usually in connection with a designated person who assists or accompanies the member through the process. Although the duration and intensity of this process varies by institute, in some cases it begins with the process of reducing the workload of an aging religious and extends as far as moving that person into a particular residence or facility. Both leaders and members report that it is helpful when the institute has policies and processes in place regarding retirement and pre-retirement.
The financial picture must be presented as a reality to be addressed by all as they work to move the community forward.

\section*{Retirement Facility Administration}

A number of those interviewed at various sites indicated that it is very important to distinguish the activities of administration and management of the religious institute and the administration and management of the retirement facilities. This is especially the case when the retirement and/or infirmary facilities are located within a larger motherhouse complex. Each administrator needs to have clear roles and responsibilities to prevent conflict or duplication of services. Although the administrators are ultimately accountable to the president or provincial and/or the general or provincial council, they should not be involved in the day to day management of the facility.

\section*{Positive Attitude}

The congregation needs to be careful about how messages regarding finances and funding retirement costs for older members are communicated. They need to be particularly careful in communicating these realities to senior members, so they do not feel like they are a burden to the community, but instead feel like they are a valued asset that the community cares for very deeply. The message about funding retirement needs to be balanced by an equally important need to focus on mission. In other words, the congregation needs to see how retirement funding fits into the context of mission.

Communicating the realities of financing for retirement needs should be done in a positive manner, so that the community does not become frightened or paralyzed by a sense that the problem is too large to handle. Rather, the financial picture must be presented as a reality to be addressed by all as they work to move the community forward.