



METROPOLIS OF  
SAN FRANCISCO

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METROPOLIS PARISH FINANCE SUPPORT  
PARISH LEADERSHIP PRESENTATION  
2022 TOTAL COMMITMENT & PENSION BENEFITS FUNDING  
SEPTEMBER 17, 2021

# Information to Share

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- **Summary results of summer 2022 parish financial health survey**
- **2022 Total Commitment overview**
- **2022 Pension Benefit funding overview**
- **Discussion**



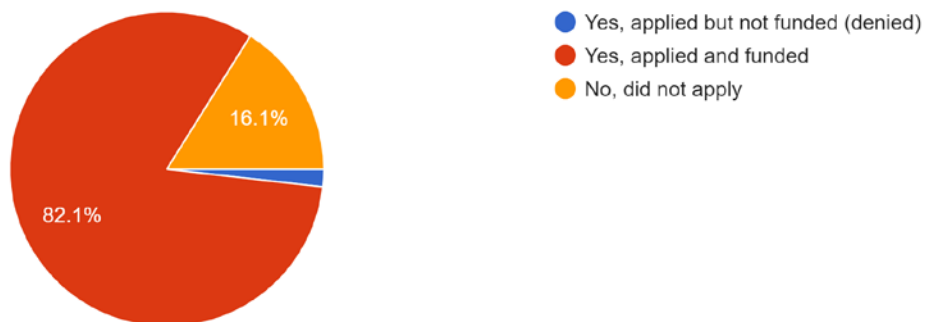


# Parish Financial Health Survey

➤ **56 parishes responded – THANK YOU!!**

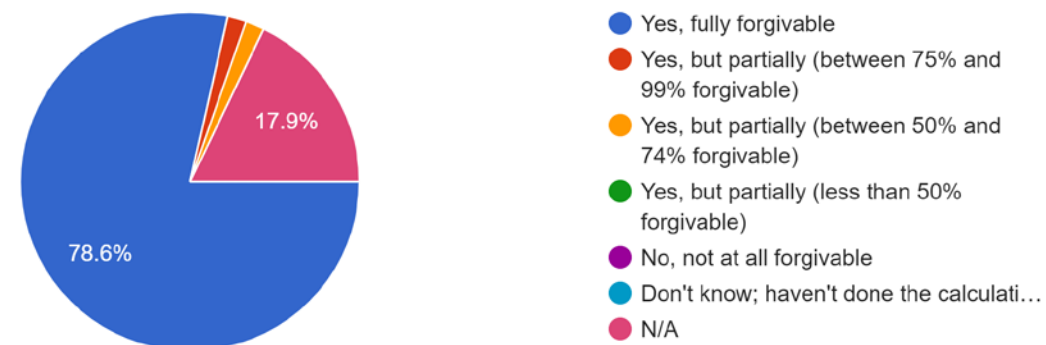
Have you been funded for any Small Business Administration (SBA) program loans (either PPP rounds 1 and/or 2, or EIDL, or any combination) in 2020 and 2021?

56 responses



If your relief was from PPP loan(s) is/are they forgivable?

56 responses



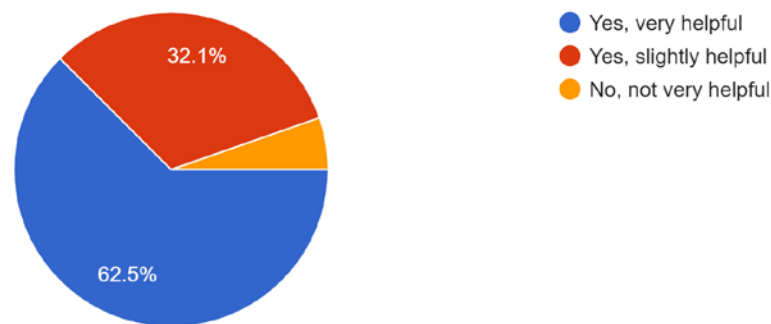


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# Parish Financial Health Survey

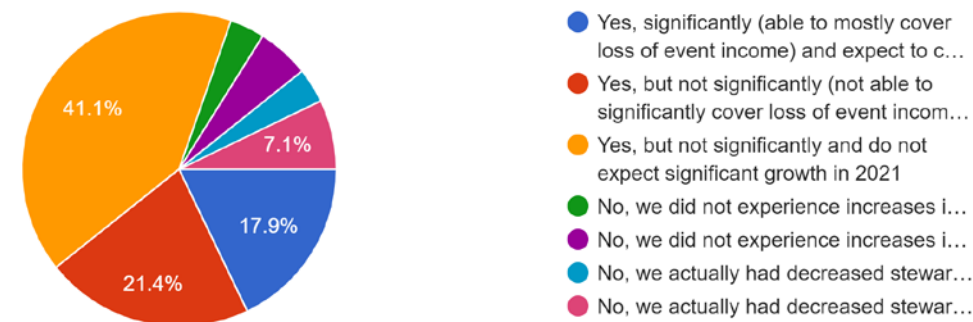
Was the relief provided by the Metropolis in 2021 helpful to your budget?

56 responses



Did your parish experience increases in financial stewardship in 2020 and do you expect that to continue or grow in 2021?

56 responses



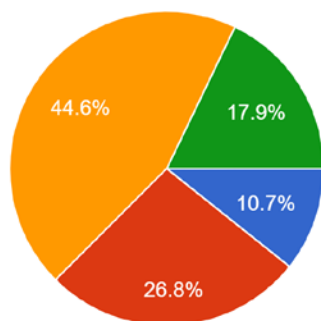


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# Parish Financial Health Survey

Do you plan to hold a festival in 2021?

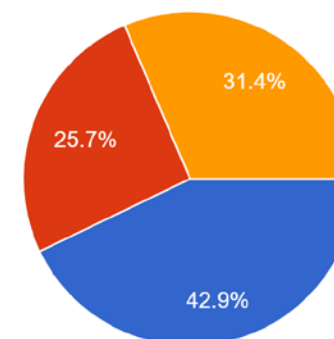
56 responses



- Yes, we plan to hold our festival this year to pre-pandemic levels
- Yes, we plan to hold our festival this year but will be smaller/abbreviated
- No, we do not plan to hold our festival this year
- N/A - we do not hold festivals

If you answered "no" to the prior question, do you plan to hold a festival in 2022?

35 responses



- Yes, we plan to hold a festival in 2022 to pre-pandemic levels
- Yes, we plan to hold a festival in 2022 but will be smaller/abbreviated
- No, we do not plan to hold a festival in 2022

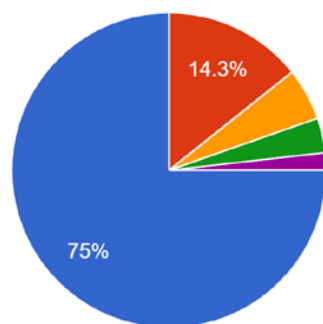


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# Parish Financial Health Survey

In light of all prior questions, what is your estimated Archdiocesan Allocation payment expectation for 2021?

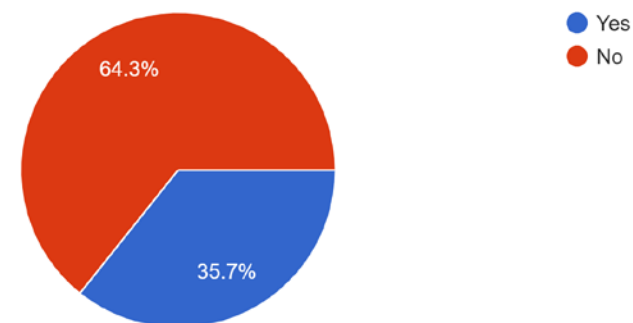
56 responses



- We expect to make 100% of our allocation payment on time
- We expect to make 100% of our allocation payment in 2021 but monthl...
- We expect to make 75% - 80% of our allocation payment in 2021
- We expect to make 50% - 70% of our allocation payment in 2021
- We expect to make less than 50% of our allocation payment in 2021

Are reserve funds being used, or anticipated to be used, to make the TC payments in 2021?

56 responses



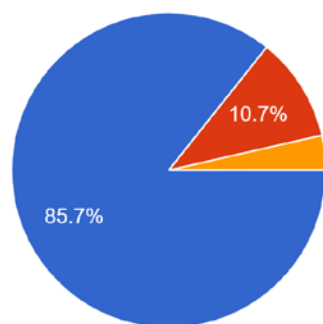


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# Parish Financial Health Survey

Excluding TC payments, and taking the prior discussed funding options into account, is your parish expected to be in financial difficulty overall?

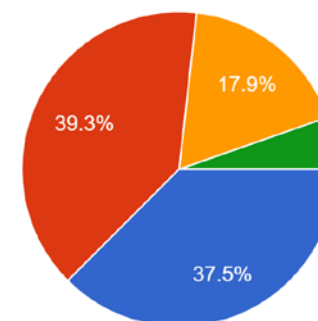
56 responses



- No, we will manage and not put ourselves in financial difficulty
- Yes, we expect to be in financial difficulty but only if we pay 100% of TC
- Yes, we expect to be in financial difficulty, even if we don't pay 100% of TC

After taking all of the preceding funding sources and TC payments into consideration, what is your projected budget shortfall in 2021?

56 responses



- No shortfall projected
- 20% or less shortfall
- 21% to 40% shortfall
- 41% to 60% shortfall
- greater than 60% shortfall

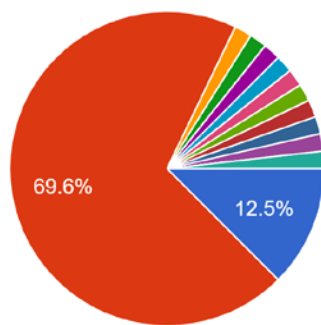


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# Parish Financial Health Survey

Now that we are entering a period of re-engagement in our parishes, what is the primary concern of the parish?

56 responses

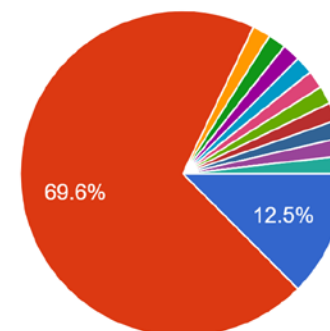


- Finances
- Parishioner re-engagement (getting p...
- capital improvement projects & increa...
- Growth of the church while Covid vari...
- Ability to stay re-engaged & not be for...
- None at this time
- Sunday School
- Finances and growth. We will need to...

▲ 1/2 ▼

Now that we are entering a period of re-engagement in our parishes, what is the primary concern of the parish?

56 responses



- We are currently watchful of our finances, but are counting on a good festival...if we have a "normal" festival,...
- To have a Deacon serve the mission parish.
- Giving glory and thanksgiving to God. How to sustain and grow our community
- We're concerned with the well-being of our parishioners and nourishing a com...

▲ 2/2 ▼



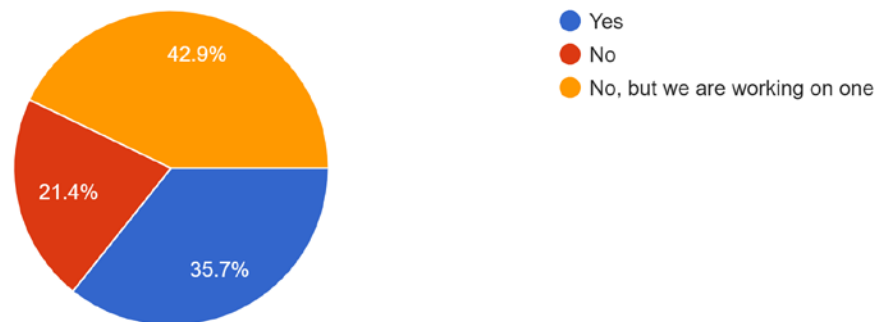


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# Parish Financial Health Survey

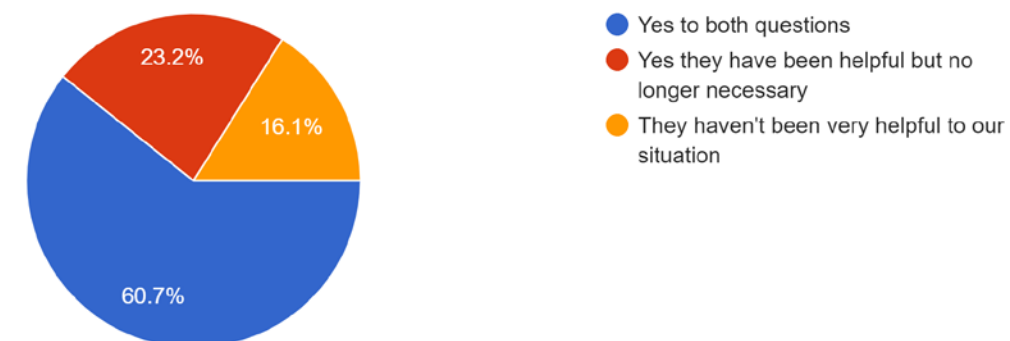
Does the parish have a documented plan to address the primary concern raised above?

56 responses



Have the periodic Metropolis Parish Support Team Finance calls been helpful and would you like them to continue?

56 responses





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# Total Commitment Update – 2021 August YTD

August 31, 2021																			
	2021 Budget Allocation	2021 TC with Cushion	Currently Billed	Paid for Current Year	Prepayment Discount	Deferred from Prior Years	Adjustments to Current Year	Current Year Balance Due	% Paid vs. Budget	Prior Year Balance	Payments Applied to Prior Year (2/5)	Paid for Prior Years	Adjustments to Prior Years	Prior Year Balance Due	Total Balance Due	Deferred for Next Year	Total Cash Payments	Total Collected as of July 31	Collected Since Last Report
District	3,221,071	3,456,769	2,304,513	2,152,092	6,318	0	-	146,102	67%	912,518	307,847	35,855	256,801	312,015	458,117	-	2,495,795	2,233,982	261,813
New Jersey	2,615,775	2,740,236	1,826,824	1,755,611	8,243	1,514	-	61,455	67%	1,136,445	381,084	80,747	20,914	653,700	715,155	1,000	2,218,442	2,023,269	195,173
Chicago	2,667,632	2,872,049	1,914,700	1,902,953	7,328	7,974	-	(3,555)	72%	182,093	131,011	39,925	11,156	0	(3,555)	116	2,074,005	1,896,522	177,483
Boston	1,798,507	1,967,995	1,311,997	1,172,784	1,595	3,647	-	133,972	66%	281,694	232,694	-	-	49,000	182,972	177	1,405,655	1,253,230	152,424
<b>San Francisco</b>	<b>3,523,871</b>	<b>3,735,305</b>	<b>2,490,203</b>	<b>2,018,432</b>	<b>6,354</b>	<b>18,892</b>	<b>507,837</b>	<b>107,967</b>	<b>72%</b>	<b>499,598</b>	<b>417,356</b>	<b>26,396</b>	<b>-</b>	<b>55,846</b>	<b>163,813</b>	<b>-</b>	<b>2,462,184</b>	<b>2,219,709</b>	<b>242,475</b>
Atlanta	3,175,263	3,334,066	2,222,711	1,985,395	8,561	106,379	-	122,376	66%	348,114	270,585	4,099	-	73,430	195,806	4,766	2,264,845	2,057,046	207,799
Pittsburgh	1,825,606	2,007,405	1,338,270	1,266,459	6,372	1,049	46,640	33,296	72%	172,049	106,063	4,061	-	61,924	95,220	1,111	1,377,695	1,253,321	124,373
Detroit	1,611,485	1,701,892	1,134,594	1,307,912	12,320	955	2,500	(188,259)	82%	54,633	51,274	2,800	-	560	(187,699)	1,294	1,363,280	1,265,228	98,051
Denver	1,748,042	1,819,284	1,212,856	1,122,975	2,651	1,964	-	85,266	65%	508,269	285,523	15,968	-	206,778	292,043	-	1,424,466	1,325,012	99,454
As of 8/31/21	22,187,250	23,635,001	15,756,667	14,684,613	59,742	142,375	556,977	498,619	70%	4,095,412	2,183,437	209,852	288,871	1,413,252	1,911,872	8,464	17,086,366	15,527,320	1,559,046
Collected at 8/31/20	22,187,250	23,668,221	15,778,814	13,111,456	51,593	66,119	119,885	2,469,723	60%	2,231,375	853,857	98,187	199,987	1,079,345	3,549,068	6,954	14,070,453	12,588,606	1,481,847
Difference	-	(33,220)	(22,146)	1,573,157	8,150	76,256	437,092	(1,971,104)	9%	1,864,036	1,329,580	111,665	88,884	333,907	(1,637,196)	1,511	3,015,913	2,938,714	77,199
Included in the 2020 TC Sharing calculation				Included in the 2021 TC Sharing calculation				Included in the 2022 TC Sharing calculation				Cash payments received YTD							



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# Total Commitment – 2022 Status

- 2022 TC exercise has been completed and peer review has taken place (Detroit)
- 2 parishes did not provide submissions – 10% increase over prior year as a result
- No change to TC in 2022, although changes to individual parishes:
  - 15 parishes will experience reductions
  - 16 parishes will remain flat
  - 28 parishes will experience increases
- Archdiocesan PPP relief will not be available in 2022 (to the best of our knowledge)
- Communication to parishes by mid-October, along with Pension Benefit Funding amounts

2022 Total Commitment Allocation (final, As Approved 8-10-21)

Metropolis	2021 TC Allocation	2020 Net Expenses	2019 Net Expenses	Average of Net Expenses	% of Total Expenses	2022 TC Approved Allocation	Change from 2021	% Change from 2021
District	3,221,071	22,886,927	24,742,313	23,814,620	14.8%	3,328,043	106,973	3.3%
New Jersey	2,615,775	17,506,201	19,214,782	18,360,491	11.4%	2,615,775	-	0.0%
Chicago	2,667,632	18,291,389	20,627,452	19,459,421	12.1%	2,719,413	51,782	1.9%
Boston	1,798,507	12,524,267	14,044,734	13,284,501	8.2%	1,856,481	57,974	3.2%
San Francisco	3,523,871	24,618,826	25,166,791	25,042,810	15.5%	3,523,871	-	0.0%
Atlanta	3,175,263	22,734,047	24,051,318	23,392,683	14.5%	3,269,078	93,816	3.0%
Pittsburgh	1,825,606	12,484,454	13,477,738	12,981,096	8.0%	1,843,862	18,256	1.0%
Detroit	1,611,485	11,203,865	12,366,233	11,785,049	7.3%	1,646,936	35,451	2.2%
Denver	1,748,042	12,717,942	13,698,076	13,208,009	8.2%	1,827,535	79,494	4.5%
Totals	22,187,250	154,967,918	167,689,440	161,328,679	100.0%	22,630,995	443,745	2.0%



August 31, 2021

Age Group	Percentage
18-24	10%
25-34	35%
35-44	25%
45-54	15%
55-64	10%
65-74	5%
75-84	2%
85+	1%

# Pension Benefits Funding - 2021

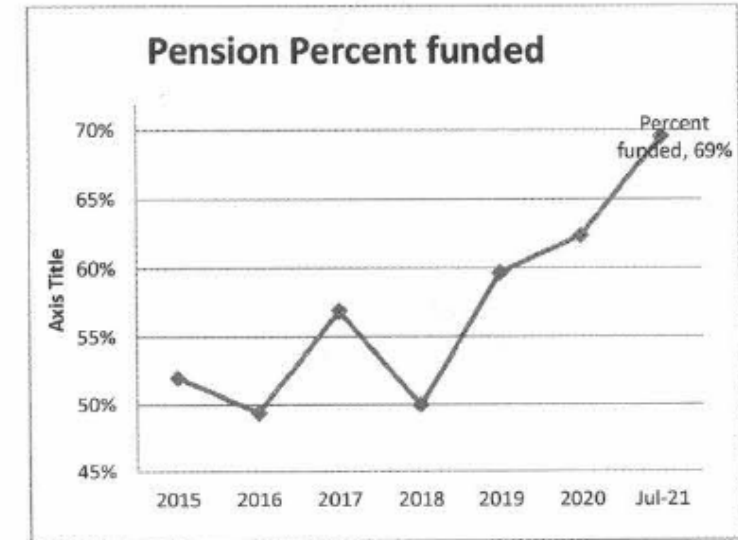


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- Program has exceeded expectations; payments are being made timely and by more parishes
- San Francisco is only Metropolis to have payments made by all participating parishes
- Parish contributions are funding current and future benefits, not past unfunded amounts. The pension plan is healthy and performing well!

All amount except percents in \$1,000's

	<u>Pension Plan Assets</u>	<u>Estimated Accrued benefits</u>	<u>Unfunded</u>	<u>% funded</u>
12/31/2015	54,572	104,929	50,357	52%
12/31/2016	51,823	104,979	53,156	49%
12/31/2017	61,824	108,639	46,815	57%
12/31/2018	56,158	112,417	56,259	50%
12/31/2019	66,427	111,276	44,849	60%
12/31/2020	71,468	114,500	43,032	62%
7/31/2021	79,562	114,500	34,938	69%



# Pension Benefits Funding - 2021



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- How have the Archdiocese and Metropolises stepped up? Have they stepped up on funding?
- What has the impact been on plan participants and parishes?

## Changes in Benefits Funding since 2018

(All amounts except percents in \$1,000's)

Benefits (Pension) Revenues	2018	2019	2021 Forecast	2022 Est	As per cent of 2018 funding
Participants	2,091	2,114	2,100	2,163	103%
Parishes	3,805	3,856	5,216	5,880	155%
GOA & Metropolises	530	1,611	1,783	1,840	347%
Others	60	60	60	65	108%
Total Revenue	6,486	7,641	9,159	9,948	153%
Increase since 2018		1,155	2,687	3,474	
Less expenditures:					
ABO	256			292	
Ancillary benefits	1007			1000	
Consultants & other	480			500	
Subtotal	1743			1792	
Net to Pension Plan	4,743			8,156	172%
Net to Pension Plan, excluding Participant contributions	2,652			5,993	226%



# Pension Benefits Funding - 2022



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- 2020 Clergy-Laity Congress approved increase to benefits funding equal to 3% of 2021 TC budget; translates to \$665,618 increase for 2022 across Archdiocese
- San Francisco increase of \$97,939 based on table shown
- Why 6% increase from 2021 including cushion vs. more or less for other Metropolises?
  - Function of amount of cushion built into calculations
  - Function of number of parishes, number of clergy, amount of TC per parish
- Pension benefit funding will be a TC deduction in 2022 for 2023 TC allocations

## 2022 Benefits Funding Approved August 9-10, 2021

	2021 Budget Allocation	2021 Funding with Cushion	% Paid vs. Budget as of 6/30/21	2022 Increase if applied rateably based on 2021 Benefits allocation	Benefits Allocation Total for 2022	% increase from Budget	% increase from 2021 including Cushion
District	676,867	714,600	59%	88,104	764,971	13%	7%
New Jersey	597,149	635,720	57%	77,727	674,876	13%	6%
Chicago	568,765	619,923	63%	74,033	642,798	13%	4%
Boston	521,651	543,386	56%	67,900	589,551	13%	8%
San Francisco	752,430	805,136	62%	97,939	850,369	13%	6%
Atlanta	697,687	790,830	65%	90,814	788,501	13%	0%
Pittsburgh	488,738	509,103	59%	63,616	552,354	13%	8%
Detroit	360,949	394,098	63%	46,983	407,932	13%	4%
Denver	449,452	468,180	58%	58,502	507,954	13%	8%
6/30/2021	5,113,688	5,480,977	60%	665,618	5,779,306	13%	5%
	Target		58%				

3% of TC increase for 2022=  $22,187,250 \times .03 = 665,618$  increase.



# New Pension Benefits Funding Process - FAQ

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- **What is the "pension benefits funding" process?**
  - 2020 and prior, every participating parish contributed \$700/month/priest (\$8,400/year) to the Archdiocesan defined benefit pension plan; this flat contribution was replaced with an allocation approach as of 2021.
- **What was wrong with the prior approach?**
  - The flat approach did not allocate benefits funding in an equitable fashion. Smaller, less financially strong, parishes have been providing a greater share over larger parishes with greater financial abilities by contributing the same monthly amount.
- **How does the allocation work again?**
  - The new approach as of 2021 bases the Metropolis pension allocation on the unfunded pension liability of our Metropolis as a whole (in relation to the entire Archdiocese) and the proportion of current year costs for admin and benefits costs based on pensionable earnings for plan participants of the Metropolis as related to the whole of the Archdiocese.





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# New Pension Benefits Funding Process - FAQ

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- **How will these Metropolis allocations be distributed to parishes?**
  - Each parish will be allocated: (1) a flat \$1,500 per participant to cover annual plan admin and ancillary benefit costs; (2) an allocation of the overall Metropolis benefit allocation applied as a percentage of TC, which covers the balance of ancillary benefit costs, current year pension costs, and a portion of the unfunded pension liability.
  - Parish results are being reviewed by the Metropolis Finance Committee, our Chancellor, and our Metropolitan. Proposed allocations will be sent back to joint task force 10/22; joint task force will align across entire Archdiocese and send final numbers back to Metropolises by 10/31; Metropolis will provide allocations to parishes the week of 11/1; an appeal process will be made available, the same as within the TC process.
- **So the parishes are on the hook for the past decisions of the Archdiocese, right?**
  - The Archbishop has committed to fundraising or finding major donors to address the \$65+ million unfunded liability. This allocation process is not intended to address all of that and it would have happened regardless of whether the plan was underfunded, flat, or overfunded. The allocation process makes the pension benefit funding going forward more equitable across parishes.
  - There is a small component of the allocation that addresses the unfunded component because we have a fiduciary responsibility to “stop the clock” and not make the underfunding any larger and to try to even reduce it if possible.

# Open Discussion

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## Q&A