

# **Pension Plan and Trust for the Priests of the Archdiocese of Seattle**

**Financial Statements**  
Years Ended June 30, 2022 and 2021

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



**Pension Plan and Trust  
for the Priests of the Archdiocese of Seattle**

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Financial Statements  
Years Ended June 30, 2022 and 2021

# Pension Plan and Trust for the Priests of the Archdiocese of Seattle

## Contents

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Independent Auditor's Report	3-4
<b>Financial Statements</b>	
Statements of Net Assets Available for Benefits as of June 30, 2022 and 2021	6
Statements of Changes in Net Assets Available for Benefits for the Years Ended June 30, 2022 and 2021	7
Statements of Accumulated Plan Benefits as of June 30, 2022 and 2021	8
Statements of Changes in Accumulated Plan Benefits for the Years Ended June 30, 2022 and 2021	9
Notes to Financial Statements	10-18



## Independent Auditor's Report

The Most Reverend Paul D. Etienne  
Roman Catholic Archbishop of Seattle and Trustees  
Pension Plan and Trust for the Priests  
of the Archdiocese of Seattle  
Seattle, Washington

### *Opinion*

We have audited the financial statements of Pension Plan and Trust for the Priests of the Archdiocese of Seattle (the Plan), which comprise the statements of net assets available for benefits and accumulated plan benefits as of June 30, 2022 and 2021, and the related statements of changes in net assets available for benefits and changes in accumulated plan benefits, for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets available for benefits and accumulated plan benefits of the Plan as of June 30, 2022 and 2021, and the changes in its net assets available for benefits and changes in its accumulated plan benefits for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Management is responsible for maintaining a current plan instrument, including all plan amendments. Management is also responsible for administering the Plan and determining that the Plan's transactions that are presented and disclosed in the financial statements are in conformity with the Plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

BDO USA, P.C.

March 15, 2024

## Financial Statements

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# Pension Plan and Trust for the Priests of the Archdiocese of Seattle

## Statements of Net Assets Available for Benefits

<i>June 30,</i>	2022	2021
<b>Assets</b>		
Cash and cash equivalents	\$ 49,587	\$ 1,786,302
<b>Investments, at fair value</b>		
Money market accounts	101,537	88,045
Common stocks	8,554,988	3,440,143
Investment funds	20,143,216	23,910,163
<b>Total Investments, at fair value</b>	<b>28,799,741</b>	<b>27,438,351</b>
<b>Receivables and Other Assets</b>		
Cash surrender value of life insurance policies	1,234,084	1,234,084
Employer contribution receivable	173,471	48,419
Other receivables	403,205	532,559
<b>Total Receivables and Other Assets</b>	<b>1,810,760</b>	<b>1,815,062</b>
<b>Total Assets</b>	<b>30,660,088</b>	<b>31,039,715</b>
<b>Liabilities</b>		
Accounts payable	241,954	128,110
<b>Net Assets Available for Benefits</b>	<b>\$ 30,418,134</b>	<b>\$ 30,911,605</b>

*See accompanying notes to financial statements.*

# Pension Plan and Trust for the Priests of the Archdiocese of Seattle

## Statements of Changes in Net Assets Available for Benefits

<i>Year ended June 30,</i>	<b>2022</b>	<b>2021</b>
<b>Additions</b>		
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	\$ (4,127,480)	\$ 5,454,286
Dividends	218,263	100,281
Interest	19,914	19,601
<b>Total Investment Income (Loss)</b>	<b>(3,889,303)</b>	<b>5,574,168</b>
Investment expenses:		
Custodian's fee	32,295	23,183
<b>Total Investment Income (Loss), Net</b>	<b>(3,921,598)</b>	<b>5,550,985</b>
Contributions:		
Called to Serve as Christ contributions	4,060,716	7,343,513
Employer contributions	937,650	1,036,273
Additional Archdiocesan contributions	600,000	800,000
Memorial contributions and other	258,185	528,467
<b>Total Contributions</b>	<b>5,856,551</b>	<b>9,708,253</b>
<b>Total Additions</b>	<b>1,934,953</b>	<b>15,259,238</b>
<b>Deductions</b>		
Benefits paid directly to participants	2,077,085	2,016,910
Administrative expenses and other	351,339	312,290
<b>Total Deductions</b>	<b>2,428,424</b>	<b>2,329,200</b>
<b>Net Increase (Decrease)</b>	<b>(493,471)</b>	<b>12,930,038</b>
<b>Net Assets Available for Benefits, beginning of year</b>	<b>30,911,605</b>	<b>17,981,567</b>
<b>Net Assets Available for Benefits, end of year</b>	<b>\$ 30,418,134</b>	<b>\$ 30,911,605</b>

*See accompanying notes to financial statements.*



# Pension Plan and Trust for the Priests of the Archdiocese of Seattle

## Statements of Accumulated Plan Benefits

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<i>June 30,</i>	2022	2021
<b>Actuarial Present Value of Accumulated Plan Benefits</b>		
Vested benefits:		
Participants currently receiving payments	\$ 14,784,863	\$ 17,466,422
Other vested benefits	7,830,943	9,338,772
<b>Total Vested Benefits</b>	<b>22,615,806</b>	<b>26,805,194</b>
Non-vested benefits	1,529,110	2,141,255
<b>Total Actuarial Present Value of Accumulated Plan Benefits</b>	<b>\$ 24,144,916</b>	<b>\$ 28,946,449</b>

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*See accompanying notes to financial statements.*

# Pension Plan and Trust for the Priests of the Archdiocese of Seattle

## Statements of Changes in Accumulated Plan Benefits

<i>Year ended June 30,</i>	<b>2022</b>	<b>2021</b>
<b>Actuarial Present Value of Accumulated Plan Benefits,</b> beginning of year	<b>\$ 28,946,449</b>	<b>\$ 30,240,563</b>
Benefits accumulated	690,234	688,379
Increase due to passage of time - assumed interest	695,092	671,737
Prior service costs	1,329,811	-
Benefits paid during the year	(2,077,085)	(2,016,910)
Actuarial gain	(5,214,585)	(442,320)
Expected administrative expenses	(225,000)	(195,000)
<b>Net Decrease</b>	<b>(4,801,533)</b>	<b>(1,294,114)</b>
<b>Actuarial Present Value of Accumulated Plan Benefits,</b> end of year	<b>\$ 24,144,916</b>	<b>\$ 28,946,449</b>

*See accompanying notes to financial statements.*

# Pension Plan and Trust for the Priests of the Archdiocese of Seattle

## Notes to Financial Statements

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### 1. Description of Plan

The following brief description of Pension Plan and Trust for the Priests of the Archdiocese of Seattle (the Plan) is provided for general information purposes only. Priests should refer to the Plan document for more complete information.

#### *General*

The Plan is a noncontributory defined benefit pension plan established on June 1, 1978, covering any priest ordained or incardinated into the Catholic Archdiocese of Seattle (the Archdiocese), whose work assignment is subject to the authority of the Archbishop of the Archdiocese of Seattle (the Archbishop). The Plan is a church plan and is not subject to the requirements of Title I of the Employee Retirement Income Security Act of 1974. The Plan is not required to file a Form 5500. The Plan is exempt from federal income taxes under section 501(c)(9) of the Internal Revenue Code.

Plan assets are not comingled with the assets of other plans or the Archdiocese.

On January 1, 2018, a new plan, the Frozen Pension Benefit Plan for Priests, was created for priests who are not in good standing. On July 11, 2018, priests who were not in good standing were removed from the Plan, and all related assets were transferred into the new plan. A total of nine retired priests were transferred out of the Plan and into the newly formed plan. The transfer consisted of \$432,000 in total assets and \$1,600,000 of benefit obligations.

#### *Pension Benefits*

A participant is eligible for benefits on the first day of the month coincident with, or next following, the date on which he attains the benefit eligible age. For priests born before 1949, the benefit eligible age is 65. The benefit eligible age rises four months per year with a maximum benefit eligible age of 70 for those born in 1963 and later.

The normal pension benefit is the amount recommended by the trustees and established by the Archbishop as the current monthly benefit for life to fully vested priests who reach their benefit eligible age while in service with the Archdiocese as described in the Plan document. If a priest has at least 30 years of service with the Archdiocese, he is eligible to receive a full normal pension benefit. The amount of the normal pension benefit is reduced to a partial normal pension benefit for a vested participant who starts receiving pension payments after attaining his benefit eligible age but who has fewer than 30 years of service required for a normal pension benefit as described in the Plan document. Priests who are not in service to the Archdiocese when reaching their benefit eligible age must have at least 15 years of service to receive a partial benefit at their benefit eligible age.

#### *Disability and Death Benefits*

There are no death benefits under the Plan.

If, after at least 15 years of service, a participant's service ends by reason of disability, the participant is entitled to receive a normal pension benefit upon reaching the benefit eligible age. This benefit is substantially equivalent to the partial normal pension benefits (described above).

# Pension Plan and Trust for the Priests of the Archdiocese of Seattle

## Notes to Financial Statements

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### *Contributions*

Parishes, schools, and agencies where priests are assigned within the Archdiocese (employer units) make annual employer contributions to the Plan. Additional contributions have historically been made by the Archdiocese, individuals, and estates. There are also contributions from Called to Serve as Christ that are allocated to the Plan from the campaign.

### *Administrative Expenses*

Administrative expenses of the Plan are paid by the Plan, including Plan administrative fees, investment management, and audit fees.

### *Plan Administration*

The Plan is administered by the Benefits Services Office of the Archdiocese.

## **2. Summary of Significant Accounting Policies**

### *Basis of Accounting*

The accompanying financial statements are prepared on the accrual basis of accounting.

### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### *Contributions*

Employer contributions are recognized as revenue in the period the related service by active priests is earned. Other contributions and donations are recognized as revenue when the pledge is made. Contribution revenue received from the Archdiocese was 10% and 8% of total contributions for the years ended June 30, 2022 and 2021, respectively. Contribution revenue received from Called to Serve as Christ was 69% and 76% of total contributions for the years ended June 30, 2022 and 2021, respectively. The contribution revenue from the Archdiocese includes employer contributions from parishes and the Central Office of the Archdiocese for employed priests and additional Archdiocesan contributions from the Annual Catholic Appeal revenue. The contribution revenue from Called to Serve as Christ includes donations from the campaign that were distributed to the Plan and are recognized as they are received by the Plan.

### *Investment Valuation and Investment Income Recognition*

The investments of the Plan are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Interest income is recorded on the accrual basis.

# Pension Plan and Trust for the Priests of the Archdiocese of Seattle

## Notes to Financial Statements

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Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold, as well as held during the year.

### *Fair Value Measurements*

Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC 820 are described as follows:

*Level 1* - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

*Level 2* - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 or 2021.

*Money Market Accounts* - Money market accounts are valued at cost plus accrued interest, which approximates fair value determined using Level 1 inputs.

*Common Stocks* - Common stocks are valued at the closing price reported on the respective exchanges at the reporting date. Quoted market prices are used to value investments, which are Level 1 observable inputs.

*Investment Funds* - These investments are valued at fair value using the net asset value (NAV), which is determined by the administrators of the funds and is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying assets held by the investment funds, less any liabilities, and then divided by the number of units outstanding. This practical expedient would not be used if it is determined to be probable that the fund would sell the investment for an amount different from the reported NAV.

# Pension Plan and Trust for the Priests of the Archdiocese of Seattle

## Notes to Financial Statements

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The following tables represent information about the Plan's assets that have been measured at fair value on a recurring basis and indicate the classification by level of input within the fair value hierarchy described above:

### *June 30, 2022*

	Level 1	Level 2	Level 3	Total
Money market accounts	\$ 101,537	\$ -	\$ -	\$ 101,537
Common stocks	8,554,988	-	-	8,554,988
<b>Total Assets, in the fair value hierarchy</b>	<b>\$ 8,656,525</b>	<b>\$ -</b>	<b>\$ -</b>	<b>8,656,525</b>
Investment Funds, at NAV				20,143,216
<b>Total Investments, at fair value</b>				<b>\$ 28,799,741</b>

### *June 30, 2021*

	Level 1	Level 2	Level 3	Total
Money market accounts	\$ 88,045	\$ -	\$ -	\$ 88,045
Common stocks	3,440,143	-	-	3,440,143
<b>Total Assets, in the fair value hierarchy</b>	<b>\$ 3,528,188</b>	<b>\$ -</b>	<b>\$ -</b>	<b>3,528,188</b>
Investment Funds, at NAV				23,910,163
<b>Total Investments, at fair value</b>				<b>\$ 27,438,351</b>

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# Pension Plan and Trust for the Priests of the Archdiocese of Seattle

## Notes to Financial Statements

The investments measured at NAV as a practical expedient and their investment objectives are summarized as follows:

*June 30, 2022*

Investment Type	Name of Fund	Net Asset Value	Investment Objective	Unfunded Commitment	Redemption Policy	Redemption Notice Period
Fixed Income	Washington Capital Joint Master Trust - Fixed Income Fund	\$ 1,542,284	To seek long-term capital appreciation and current income.	\$ -	Daily	None
	CUIT Fixed Income Mutual Funds	4,070,658	To seek current income and long-term capital appreciation.	-	Daily	None
Mortgage	Washington Capital Joint Master Trust - Mortgage Income Fund	1,757,228	To seek stable and competitive income from construction and/or permanent commercial mortgages.	-	On the last business day of each calendar month	None
Real Estate	Washington Capital Joint Master Trust - Real Estate Equity Fund	2,657,446	To seek current income and long-term capital growth by investing in a diversified portfolio of properties located primarily in the western U.S.	-	On the last business day of each calendar month	None
Equity	CUIT Small Cap Equity Mutual Fund	859,250	To seek long-term capital appreciation.	-	Seven days' notice	None
	CUIT Core Equity Index B	3,282,854	To seek long-term capital appreciation.	-	Seven days' notice	None
	CUIT Multi Style Equity Fund	-	To seek long-term capital appreciation.	-	Seven days' notice	None
	CUIT Money Market Fund	-	To seek optimal current income consistent with preservation of capital.	-	Seven days' notice	None
International	CUIT Intermediate Diversified Bond Fund B	-	To seek current income and long-term capital appreciation.	-	Seven days' notice	None
	Aberdeen EAFE Plus Mutual Ethical Fund	5,973,496	To seek long-term capital appreciation.	-	Seven days' notice	None
		\$ 20,143,216		\$ -		

# Pension Plan and Trust for the Priests of the Archdiocese of Seattle

## Notes to Financial Statements

June 30, 2021

Investment Type	Name of Fund	Net Asset Value	Investment Objective	Unfunded Commitment	Redemption Policy	Redemption Notice Period
Fixed Income	Washington Capital Joint Master Trust - Fixed Income Fund	\$ 1,679,939	To seek long-term capital appreciation and current income.	\$ -	Daily	None
	CUIT Fixed Income Mutual Funds	-	To seek current income and long-term capital appreciation.	-	Daily	None
Mortgage	Washington Capital Joint Master Trust - Mortgage Income Fund	1,733,517	To seek stable and competitive income from construction and/or permanent commercial mortgages.	-	On the last business day of each calendar month	None
Real Estate	Washington Capital Joint Master Trust - Real Estate Equity Fund	2,968,214	To seek current income and long-term capital growth by investing in a diversified portfolio of properties located primarily in the western U.S.	-	On the last business day of each calendar month	None
Equity	CUIT Small Cap Equity Mutual Fund	903,095	To seek long-term capital appreciation.	-	Seven days' notice	None
	CUIT Core Equity Index B	4,596,666	To seek long-term capital appreciation.	-	Seven days' notice	None
	CUIT Multi Style Equity Fund	3,453,224	To seek long-term capital appreciation.	-	Seven days' notice	None
	CUIT Money Market Fund	271,000	To seek optimal current income consistent with preservation of capital.	-	Seven days' notice	None
International	CUIT Intermediate Diversified Bond Fund B	2,470,799	To seek current income and long-term capital appreciation.	-	Seven days' notice	None
	Aberdeen EAFE Plus Mutual Ethical Fund	5,833,709	To seek long-term capital appreciation.	-	Seven days' notice	None
		\$ 23,910,163		\$ -		



# Pension Plan and Trust for the Priests of the Archdiocese of Seattle

## Notes to Financial Statements

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### *Cash Surrender Value of Life Insurance Policies*

For priests that were under the age of 60 on July 1, 2008, the Plan invested in whole life insurance policies of \$100,000 each covering their lives. Since that time through June 30, 2013, the Plan continued to purchase whole life insurance policies for priests who were newly ordained or incardinated into the Archdiocese for those who were under the age of 60 and could pass individual underwriting. The Plan did not purchase policies for new priests over the age of 60. As of July 1, 2013, the Plan no longer purchases new policies. The policies require annual premium payments until the priest is the age of 65. Policy payments are not required after that time because the policy is considered fully paid. Effective May 2014, all policies within the Plan were fully paid and premium payments are no longer required. The cash value is recognized as an asset on the statements of net assets available for benefits. Life insurance policies are valued at cash surrender value as supplied by the insurance company sponsoring the policy. Cash surrender value is calculated as the cash value less surrender fees and outstanding debts, which approximates fair value.

The below table shows the summarized change in fair value of the cash surrender value of life insurance policies:

<i>Year ended June 30,</i>	<b>2022</b>	<b>2021</b>
<b>Cash Surrender Value of Life Insurance Policies</b>		
Balance, beginning of year	\$ 1,234,084	\$ 1,248,313
Decrease in cash surrender value	-	(14,229)
<b>Balance, end of year</b>	<b>\$ 1,234,084</b>	<b>\$ 1,234,084</b>

### *Actuarial Present Value of Accumulated Plan Benefits*

Accumulated plan benefits are those future periodic payments that are attributable under the Plan's provisions to the service priests have rendered. Accumulated plan benefits include benefits expected to be paid to retired or terminated priests and to present priests who will retire in the future. The Plan benefits are not compensation dependent. Benefits under the Plan are based on the monthly amount recommended by the trustees of the Plan and are approved by the Archbishop.

Accumulated plan benefits for active priests are based on actual service period through which the benefit information is presented (the valuation date). Benefits payable under all circumstances—retirement, disability, and termination of employment—are included to the extent they are deemed attributable to employee service rendered to the valuation date. The actuarial present value of accumulated plan benefits is determined by an actuary and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The significant actuarial assumptions used in the valuation as of June 30, 2022 were (a) life expectancy of priests calculated using the MP-2021 in 2022, (b) benefit commencement age, (c) expected return on assets, (d) withdrawals and disability (none), and (e) extended service benefit. The expected return on Plan assets was 6.5% and 5.5% for the years ended June 30, 2022 and 2021, respectively. The expected return takes into account payment of Plan expenses. The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the

# Pension Plan and Trust for the Priests of the Archdiocese of Seattle

## Notes to Financial Statements

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Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

The discount rate was changed to 4.32% from 2.49%, and the mortality assumption was updated effective June 30, 2022 to better reflect the anticipated future mortality. These updates produced an actuarial gain for the year ended June 30, 2022.

### ***Cash and Cash Equivalents***

Cash and cash equivalents consist of a checking account in a bank. At times, the Plan has amounts deposited with a financial institution in excess of federally insured limits.

The Plan considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

### ***Payment of Benefits***

Benefit payments to priests are recorded upon distribution.

### ***Plan Termination***

Although it has not expressed any intention to do so, the Archbishop has the right under the Plan to discontinue its contributions at any time and to terminate the Plan. In the event of termination or discontinuation of the Plan by the Archbishop, the benefits of all priests shall be vested and non-forfeitable to the extent that such benefits shall be funded by amounts contributed by the Archdiocese.

### ***Risks and Uncertainties***

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect amounts reported in the statements of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term could be material to the financial statements.

### ***Subsequent Events***

The Plan has evaluated subsequent events through the date these financial statements were available to be issued, which was March 15, 2024.

# Pension Plan and Trust for the Priests of the Archdiocese of Seattle

## Notes to Financial Statements

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### 3. Related Party Transactions

The Plan reimburses the Benefits Services Office, a division of the Archdiocese, for its share of administrative expenses. These include payroll, rent, and other expenses paid by the Archdiocese that are split between the following plans:

- Archdiocesan Pension Plan for Lay Employees
- Archdiocesan 403(b) Savings Plan
- Pre 2009 Accounts 403(b) Plan
- Archdiocesan Health and Welfare Plan for Lay Employees
- Pension Plan and Trust for the Priests of the Archdiocese of Seattle
- Priest Health Plan of the Archdiocese of Seattle

The Plan's share of expenses was \$95,895 and \$102,094 for 2022 and 2021, respectively. This amount is included in administrative expenses in the statements of changes in net assets available for benefits.

### 4. Funding Policy

The employer units make annual contributions to the Plan in amounts that are estimated to keep the present benefit levels constant. Each employer unit made annual contributions per priest of \$8,930 and \$9,400 in 2022 and 2021, respectively.

As of June 30, 2022, the Plan has sufficient net assets available for benefits to cover the actuarial present value of accumulated benefits.

### 5. Annual Funding Amounts

Due to the fully funded status of the Plan, contributions from the Annual Catholic Appeal were reduced to \$400,000 for the year ended June 30, 2023. Additionally, the per priest employer contribution was reduced to \$5,000 for the year ended June 30, 2023. The monthly maximum priest pension amount was increased to \$2,731 effective February 1, 2023.