

Parishioners seek probe of priests' pension fund

The Boston Globe

\$4.5m in donations said to be diverted

By Michael Levenson, Globe Correspondent | May 22, 2005

Parishioners in the Roman Catholic Archdiocese of Boston plan to ask Attorney General Thomas F. Reilly to investigate possibly fraudulent financial management in church officials' use of tens of millions of dollars donated by parishioners to fund priests' pensions, money that some believe was spent for other purposes.

Parishioners also said yesterday that they would ask Reilly to investigate whether donations made for other special purposes were also misspent.

Cynthia Deysher, cochairwoman of the group that plans to file the complaint, said it has no evidence that church leaders misspent funds other than the pension donations. But the group, the Council of Parishes, an organization founded to support lay Catholics protesting church closings, has lost confidence in the church's financial stewardship, she said.

Other special collections Deysher wants Reilly to investigate include donations that parishioners made for Latin American parishes, nuns' pensions, Catholic universities, and global disaster relief.

The heart of the complaint is the accusation that the archdiocese diverted about \$4.5 million donated annually by parishioners over 16 years for the priests' pension fund, which is now badly underfunded.

According to material the archdiocese sent to priests, the archdiocese did not contribute to the priests' pension fund between 1986 and 2002. During that time, donations that parishioners made annually at Christmas and Easter were spent instead on healthcare for active and retired clergy, the documents say. The archdiocese says it now faces a \$55 million unfunded liability in its pension fund for priests.

"I think we were all very perplexed as to how the archdiocese accumulated such a large unfunded pension liability, because parishioners have been giving for years," said Deysher, who is also chairwoman of the finance council at St. Anselm Parish in Sudbury. "Now it has come out that they never put the money in for 16 years. That is fraudulent."

Corey Welford, a spokesman for Reilly, said, "We are aware of the allegations, and we'll certainly take a look at any information people have on this."

Church officials yesterday strongly denied any impropriety.

"The Archdiocese takes up special collections for many purposes including support for our clergy," Chancellor David W. Smith said in a statement released by the archdiocese. "Each one of those collections is remitted exactly as we represent it will be. Both the Archdiocese of Boston and the clergy funds are audited on an annual basis and at no time have any of the audit firms raised any questions whatsoever about our handling of these funds."

The Council of Parishes has been helping to organize 15 parishes from a total of 83 that the archdiocese plans to close to save money and make up for dwindling attendance and a shortage of priests.

Three of those -- St. Albert the Great in Weymouth, St. Jeremiah in Framingham, and St. Frances Xavier Cabrini in Scituate -- have filed or plan to file lawsuits asking judges to determine whether parish assets belong to the archdiocese or parishioners.

Members of the parishes plan to speak tomorrow about their legal fight during a press conference at Infant Jesus-St. Lawrence Parish in Brookline.

"These kinds of accusations are troubling and somewhat sad," said Terry Donilon, spokesman for the archdiocese. "This is an archdiocese which works incredibly hard to overcome all that it's been through in recent years."

Parishioners say the crux of the public-fraud complaint revolves around how clearly priests articulated their Christmas and Easter appeals to parishioners.

If, for example, pastors asked for donations for the general welfare of priests, the church could reasonably argue that spending the money on healthcare fell within that category.

If, however, priests asked for donations specifically for the pension fund, the fraud complaint would be easier to prove, said Peter Borre, cochairman of the Council of Parishes.

Borre said the council plans to gather 1,000 signatures from parishioners who affirm that they donated funds specifically for priests' pensions. Those would be submitted to Reilly, along with canceled checks and letters that parishioners received thanking them for their donations, he said.

The archdiocese has attributed the troubles facing its priests' pension fund to poor investment performance and to the fact that priests are living longer. Archdiocesan leaders say the shortfall is unrelated to the costs of settling abuse cases or closing parishes.

"It's a very similar situation to the Social Security of the United States and the pension funds of the airlines," said the Rev. Joseph M. Hennessey, a member of the Presbyteral Council, a clergy group that advises Archbishop Sean P. O'Malley. "They are underfunded, and they have to find ways of funding it."

The archdiocese has pledged to care for its priests' shelter, healthcare, and income into retirement. Hennessey, pastor of St. Joseph Church in Kingston, said he was confident a solution could be reached to finance pensions.

The archdiocese has suggested one possible solution to its pension shortfall. The archdiocese has circulated a draft policy that would encourage clergy to continue to work after they retire and require priests with financial assets to help pay for nursing-home or assisted-living care.

More retired priests would also be encouraged to live in rectories, and all priests would be expected to seek Social Security benefits, under the proposed policy. ■