DIOCESE OF OWENSBORO
McRaith Catholic Center | *Office of the Bishop*

July 20, 2026

Dear Sisters and Brothers in Christ,

My most recent communication to you regarding the Diocesan Pension Plan was in March of this year. I'd like to take a moment to bring you up to date on the most recent developments.

Recap of the History

The Diocese of Owensboro, our parishes, and several of our schools and agencies have been part of a multiple employer retirement plan managed by Christian Brothers Services called the Christian Brothers Employee Retirement Plan (CBERP). The CBERP covers about 40,000 participants from about 180 Catholic organizations, including 9 dioceses from across the country, including the Diocese of Owensboro. The CBERP has about $1.6 billion in assets. The CBERP was, overall, 68% funded.

Christian Brothers attributes this problem to asset losses in the recession of 2008, increased life expectancy of retirees, and an imbalance between active employees (for whom contributions are being made) and inactive members (either retirees drawing pensions or vested former employees entitled to pensions).

Christian Brothers proposed to address the shortfall over 25 years by increasing (after a two-year phase in) our annual contributions from $2.4 million to $4.6 million. Unfortunately, this is beyond our means.

The Diocese of Owensboro pension plan was only 58% funded and the unfunded liability for our plan participants amounted to $30.1 million. As a result of the CBERP unfunded position, the diocese's cost was going to increase significantly starting July 1, 2026 if it was to remain in the CBERP.

Actions Taken to Date by the Diocese of Owensboro

Due to our concerns for our employees and the increased contribution requirements, we have chosen to separate from the CBERP and create the Diocese of Owensboro Lay and Priest Pension Plans. The other 8 dioceses referenced above that previously participated in the CBERP have either spun off or are in the process of doing so. This process will take several months, and more details will be shared with active employees, inactive employees, and retirees about our new retirement programs before they are effective. The diocese has partnered with Gallagher to manage our efforts to spin off and establish the new plans.

From the perspective of the CBERP, the diocese has voluntarily terminated its participation in the CBERP effective as of June 30, 2026. It is important to note that, even with the separation from CBERP, all current active employees will retain any accrued benefits. However, they will cease to accrue additional benefits under the CBERP as of June 30, 2026 and employees hired after June 30, 2026 will not be eligible to participate in the CBERP.

About Gallagher

Gallagher is a publicly-traded global organization with more than $12.9 billion in adjusted revenues, 1,300+ offices globally, and over 71,000 team members with service capabilities in 130-plus countries. Their business units and subsidiaries provide the full spectrum of specifically tailored risk management products and solutions for complex operations. Gallagher's involvement with the Catholic Church originated in 1958, and they now serve approximately 90 dioceses. Gallagher provides retirement services (pension or defined contribution) to over 25 dioceses across the US.

LOOKING AHEAD

The new Diocese of Owensboro Lay and Priest Pension Plans will have the same provisions as the CBERP (accrual rate, retirement eligibility, vesting and forms of payment) through the end of the calendar year. This means that through December 31, 2026, pension benefits for active employees and priests will still be accrued as they historically have been. The future retirement program will be provided through a 403(b) retirement program starting January 1, 2027. Details are still being finalized and both active employees and inactive members will be informed.

Over the coming months, the diocese will also be working to evaluate and re-design our retirement benefit program to ensure it remains sustainable, responsible, and just. We look forward to sharing more details with you as this work progresses.

This transfer of responsibility will not take place until the end of the year. Until then, Christian Brothers will continue to manage our pension plan, make uninterrupted payments to plan participants, and be available to respond to your ordinary inquiries about your pension.

After the transfer of responsibilities at the end of the year has occurred, we will communicate further with you about the administration of your pension plan and our steps going forward.

IN SUMMARY

- Effective June 30, 2026, the Diocese of Owensboro has terminated its participation with Christian Brothers Employee Retirement Services.
- The Diocese of Owensboro has contracted with Gallagher to spin off from Christian Brothers and establish new plans.
- Eligible employees will continue to accrue benefits in the pension plan through December 31, 2026
- After December 31, 2026, the retirement program for current and future employees will transition to a 403(b) defined contribution plan.

May I express once again my appreciation to you for your service to the Church along with my commitment to honoring promises made to you.

May God bless you abundantly.

+William F. Medley

Most Reverend William F. Medley
Bishop of the Diocese of Owensboro

Julie Garvin, CPA, CGMA, CFM
CFO of the Diocese of Owensboro