



The Parochial Fund, Inc.

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MEMO

Date: May 19, 2020

To: Pastors, Parochial Administrators, Parish Stewards, School Principals, and Parish Finance Council Members

From: The Parochial Fund, Inc. - Thomas J. McNamara, Treasurer

RE: Temporary Interest Rate Change Retroactive to April 1, 2020

The Board of Directors of The Parochial Fund, Inc. recognizes the significant economic uncertainty caused by the ongoing COVID19 shutdown of public Masses and the resultant decrease in parish offertory income. The Board further recognizes that in these most difficult times, the finances of parish's with significant construction debt are even more stressed.

In order to provide relief to those borrowers who have incurred debt in building up their parishes, the Board of Directors has approved a temporary change in the interest rate charged for PFI loans. Retroactive to April 1, 2020, the interest rate for all PFI loans is reduced from 3.25% to 0% which will continue through December 31, 2020. Similar to the Emergency Working Capital Loan Program announced in March 2020, the 0% interest rate is conditioned upon the parish remaining current on its other obligations.

Likewise, the interest rate paid on deposits will be reduced temporarily from 2% to 0.75% for the same period April 1, 2020 through December 31, 2020. The Board of Directors undertook a review of market returns on short term fixed income investments, including treasury securities, CD rates, and money market rates. The Board concluded that the 0.75% rate is a fair rate in the current interest rate environment and is actually in excess of what can be achieved at local financial institutions.

The Parochial Fund, Inc. exists to facilitate the building up of His Kingdom here in the Diocese of Sacramento. Parishes make available their savings at a fair earnings rate in order to allow other parishes to borrow those funds at below market rates. The Parochial Fund, Inc. is truly parishes helping parishes.

If you have questions, please do not hesitate to call me at 916-733-0288 or e-mail at tmcnamara@scd.org.