



Pope Francis greets faithful during his weekly general audience in St. Peter's Square at the Vatican Nov. 20. (AP/Gregorio Borgia)

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Pope Francis, who has imposed a series of cost-cutting measures across the cash-strapped Vatican, warned Nov. 21 that the city state's troubled pension fund needs urgent reform to guarantee future obligations.

Vatican employees responded by expressing concern that their compensation might be targeted in any further cost-cutting to shore up the pension system, and asked for the fund's finances to be made public.

In a letter to Vatican department heads and cardinals, Francis said he had named a top economic adviser, Cardinal Kevin Farrell, as a special administrator for the fund, suggesting that decisive, immediate action was necessary.

The letter was the latest evidence of the Vatican's precarious financial situation, after years of mismanagement, financial scandals and budget deficits — all worsened by COVID-19 and the monthslong closures of a key source of revenue, the Vatican Museums.

Already, Francis has cut cardinals' salaries by 10%, suspended some seniority bonuses, trimmed special stipends for Rome-based cardinals and begun charging some market-rate rents for their apartments.

The pension fund has long been the source of particular concern, and in the new letter Francis acknowledged that the current analysis "indicates a serious prospective imbalance in the fund, the size of which tends to expand over time in the absence of intervention."

"In concrete terms, this means that the current system is unable to guarantee in the medium term the fulfillment of the pension obligation for future generations," he wrote.

The Association of Lay Vatican Employees, the closest thing the Vatican has to a labor union, voiced alarm at Francis' warning about their pensions, insisting that lay employees had already sacrificed enough in his cost-cutting initiatives and that the Vatican leadership should listen to workers' concerns.

"Salaries have not been indexed to the cost of living, while rent increases for Vatican properties have been related to inflation," the group said in a statement that also called for the Vatican to make public the pension fund's balance sheet.

Noting that Francis frequently preaches about the need to give workers dignified wages and pay special attention to the needs of families, the union said employees were "exhausted by cuts and especially by the lack of responses to their legitimate request to be heard."

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The Vatican has some 4,500 employees, around 3,100 of whom work for the Holy See bureaucracy and the rest for the Vatican city state itself, in the museums and other offices that run the territory. The union counts some 700 lay employees.

While Vatican salaries are typically low, the benefits can be attractive to Italian laypeople, including tax-free income and access to a private health system, below-market rents and a tax-free supermarket, gas station, pharmacy and department store.

Lay employees, however, have increasingly been raising their voices about cost cuts and overwork. Earlier this year 49 museum employees filed a class-action lawsuit in the Vatican tribunal about labor woes.

The Holy See ended 2023 with a profit of 45.9 million euros (\$48 million), according to the latest financial statement.

As recently as 2015, the pension fund had insisted it was in sound financial health, and that it was expected to top 500 million euros by the end of 2015 after having started out with the equivalent of 5 million euros in 1993.

Farrell, an Irish-born American who heads the Vatican's laity and family office, has increasingly been entrusted with the Vatican's most sensitive financial and administrative issues under Francis. He is the camerlengo, who runs the Holy See after the death of a pope, and heads the investment committee, the commission that deals with the most sensitive "reserved" matters facing the church and is the president of the Vatican city state's supreme court.