MEDICAL INSURANCE
The parish shall pay premiums for either family or single medical insurance as appropriate. Unless the cleric personally declines coverage through the diocesan medical benefits program, it is expected that this benefit will be provided through participation in that program. In 2006 the monthly family premium is $935.00. The monthly premium for single coverage in 2006 is $376.00.

SOCIAL SECURITY TAX REIMBURSEMENT
Clergy are self-employed for purposes of calculating Social Security and Medicare taxes. This means that clergy pay the employer and employee portion of the tax. While not recommended by the Diocese, some parishes may choose to reimburse the cleric for a portion of the employer share. If the parish chooses to make this reimbursement, the amount reimbursed is considered compensation and must become part of the pension base. It must be reported on the clerics W-2 and is subject to the pension assessment.

CONTINUING EDUCATION
The norm for full-time clergy is 2 weeks annually.

SABBATICAL
For information, see the section in this manual on sabbaticals.

VACATION
The norm for full-time clergy is 1 month annually.

PENSION
Pension assessments shall be paid on compensation to the Church Pension Fund. The assessment is 18% of compensation. The Pension Base is defined as the total of cash salary, utilities, housing allowance, and social security reimbursement. In parishes with a rectory, a value for the housing provided is included in the calculation of the pension assessment. The value of housing provided in parishes providing a rectory for purposes of computing the pension assessment is 30% of the stipend, social security reimbursement and utilities. Using a figure of $35,938 and adding utilities estimated to be $6,000 annually (actual costs will vary from place to place) the pension assessment in this example would be 18% of $54,519 (compensation + utilities + 30% of compensation and utilities) or $9,813.
In parishes without rectories, the pension assessment at minimum levels will be $8,401 (compensation of $46,673 X 18%). In parishes without a rectory the assessment is calculated on stipend, utilities, social security tax reimbursement, and housing allowance (30% of compensation or the vestry – designated amount, whichever is greater).
TRAVEL AND BUSINESS EXPENSES
Parishes may deal with clergy and lay employee travel and business expenses in one of two ways:

OPTION 1:
The Vestry may choose to provide a Travel and/or Business Expense Allowance

1. These payments must be included along with salary by the Treasurer on the W-2 forms that are given to employees and filed with the IRS at the end of the year.

2. Employees must report this allowance as income on Income Tax Form 1040.

3. Employees may then enter actual travel and/or other business expenses as a miscellaneous deduction on Form 1040 – Schedule A.

4. Employees must be prepared to provide to the IRS detailed documentation of travel and other deductions claimed.

5. As a miscellaneous expense deduction, only the amount in excess of 2% of Adjusted Gross Income may be deducted for purposes of calculating income tax.

(This may result in the clergy or lay employee paying more income tax than could be the case under Option 2 below.)

OPTION 2: The Vestry may choose to set down in writing a plan for REIMBURSING the priest or other employees for travel and other business expenses.

1. Employees must substantiate to the parish treasurer all business expenses, detailing date, place, and business purpose of travel or other expense, and be reimbursed in the exact amount of the expenditure; or if employees receive an allowance or advance toward expenses, they must return to the parish any amount which cannot be substantiated as an expense.

2. If travel and business expenses are handled under Option 2, business expense reimbursements are not reported on W-2 forms and need never appear on employees' income tax returns at all.