

Episcopal Clergy Compensation Speaking the Same Language

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The Episcopal Church Foundation (ECF)

Independent, lay-led organization, founded in 1949



Empowers congregations through strategic visioning and planning, leadership development, and raising financial resources for ministry

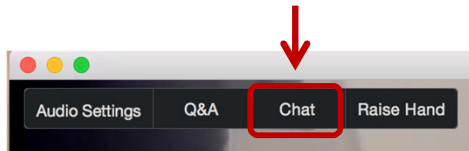
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- Lay and clergy leaders working together to transform the Church
- Healthy, vital, vibrant Episcopal communities of faith
- Meaningful opportunities for Christian stewardship and effective fundraising
- Innovative, mission-based ways to be the Church of the future



Technical Notes

- All participants are currently muted to cut out background noise and audio interference
- If you have questions, please type them into the chat. To access the chat, press the chat button on the upper left side of your screen:



- PDF copy of the slides is available to download. Scroll to the top of the chat to find the link to download the slides.
- This webinar is being recorded and will be made public

Compensation

What is the Church's Compensation Philosophy?

What do we mean when we use the term "Compensation"?

From the Vestry perspective - How much does it cost us to have a priest?

From the Clergy perspective - How much am I being paid?



The Package

- Salary
- Health Insurance
- Church Pension Fund (CPF) Assessments
- Continuing Education
- Reimbursed business expenses, including travel
- Other
 - Tuition for children to church sponsored school
 - Housing equity allowance for clergy living in a rectory
 - Any other?

Salary

What comprises Salary for clergy?

- Cash Stipend
- Self-Employed Contribution Act (SECA) Reimbursement – Social Security and Medicare tax
- Housing

Is there a difference between “Salary” and “Compensation”?

What term is used for the Budget? In the Letter of Agreement? With the Church Pension Fund?



Housing

Two main scenarios for providing housing for clergy:

- **Scenario #1**

- Paid housing allowance
 - Cleric owns or rents
 - Allowance paid to cleric
 - Cleric designates an amount from their total Salary
 - Resolution passed in November or December for following year
 - Taxable for SECA tax

Housing

- **Scenario # 2**

- Church provides housing
- Value to Cleric
- Housing Equity Allowance
- Taxable for SECA tax



Health Insurance

- Paying premiums
- Single vs Family plan
- How to reflect in Financial Statements



Church Pension Fund Pension Assessments

- How is Compensation defined by the Church Pension Fund?
- Why is the rate 18% and where does the money go?
- For additional information go to www.cpg.org

Please note that this summary is provided to you for informational purposes only and should not be viewed as investment, tax or other advice. In the event of a conflict between the information contained in this summary and the official plan documents or policies, the plan documents or policies will govern. The Church Pension Fund and its affiliates retain the right to amend, terminate, or modify the terms of any benefit plans described in this document at any time, without notice, and for any reason.

Other Items affecting the Package

- Contributions to a 403(b) Plan
- Travel allowance vs Accountable Reimbursement Plan
- Other ?



The Budget

- How to reflect Compensation in the Budget
- How to reflect the Package in the Budget
- Examples
- Suggestions on how to reflect with transparency



Budget Example #1

	Annual Budget
REVENUES	
Operating	\$211,930
Other	<u>20,543</u>
Total Revenues	<u>\$232,473</u>
EXPENSES	
General Ministry	56,271
Property	33,679
Office	10,850
Staff	78,468
Clergy	<u>90,924</u>
Total Expenses	<u>\$265,192</u>
NET TOTAL	(\$32,719)

Budget Example #2

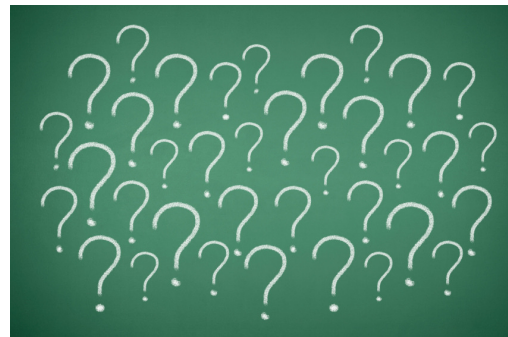
Account #	Description	Annual Budget
	Wages	
5001	Rector's Salary (including Housing Allowance)	\$61,770
5002	½ SECA Tax Reimbursement	<u>5,117</u>
	Total Wages	<u>\$66,887</u>
	Benefits	
5051	Health Insurance	10,997
5052	Pension Assessments	12,040
5053	Continuing Education	<u>1,000</u>
	Total Benefits	<u>\$24,037</u>
	Total Wages & Benefits	<u>\$90,924</u>

Clergy Compensation Example

Chris Clergy – Salary, including housing	\$61,770	Polly Pewsitter's Salary	\$61,770
½ SECA Tax Reimbursement	<u>5,117</u>		
Total	66,887		
SS & Medicare tax paid by employee	<u>(10,234)</u>		<u>(4,725)</u>
Net	56,653		57,045

Clergy Compensation – Speaking the Same Language

- Wrap up
- Questions and Suggestions



Resources

- [*Federal Reporting Requirements for Episcopal Churches*](#)
- [*The Clergy Tax Guide*](#)
- [*2016 Church Compensation Report: A National, Provincial and Diocesan Analysis of Clergy Compensation*](#)

These publications are available at www.cpg.org



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