Parish Support for Common Ministry

The Bishop and members of Diocesan Council would like to express their deep gratitude to you, the congregations of the Diocese of Western Massachusetts, for fulfilling your assessment in support of our common ministry. We are dependent on each other to fund the work that needs to be done to support the ministries of all the congregations of the diocese and provide outreach to the greater church and to the world. Thank you for putting your trust in us and giving us the opportunity to serve you.

A listing of each congregation’s Assessment for Common Ministry is enclosed with this mailing. The formula for the assessment calculation can be found on the listing. Almost all of our congregations fulfill their support for Common Ministry using Electronic Funds Transfer (EFT). If you would like to sign up for this option, please contact Esther Barker of Financial Services via email at ebarker@diocesewma.org

Central Diocesan Payroll

The final payroll for 2019 will be run on Monday, December 16, 2019. Our payroll processor does not permit changes after this payroll is run as the figures from this payroll are those that will appear on the 2019 Form W-2. Therefore, we must be informed of payroll changes before this date.

The first payroll for 2020 will be run on Monday, January 6, 2020. If possible, please advise us of January 1, 2020 salary changes prior to this date.

Clergy Salaries

We are in the process of putting together the 2020 salary guidelines which will be available in early November. In the meantime, we have included the 2019 salary guidelines and updated listing showing which salary range is appropriate for your parish. The Diocesan Human Resources Committee looks at comparable salary data each year and makes recommendations to Diocesan Council concerning the salary ranges. These ranges are designed to ensure that clergy in our diocese are compensated fairly when compared to clergy in other dioceses.

We hope your parish will give serious consideration to the compensation level you pay your clergy. Each congregation needs to consider the midpoint for the salary range for your congregation as an appropriate level of salary for a priest who is performing in a fully satisfactory manner. People who are performing well should receive compensation that is at least equal to the midpoint.

The compensation decisions should be based on the financial health of the parish, the midpoint of the salary range, and the performance of the individual employee. For example, if an employee was recently hired, it may not be necessary to budget a salary increase. If the employee has not received an increase for quite some time and is a good performer and/or being paid below the midpoint of their salary range, we encourage the parish to consider a salary adjustment based on merit if warranted and sustainable.
Clergy Pension Premiums

Enclosed is a worksheet with the formula for your use in computing the 2020 Church Pension Fund assessment as well as Social Security Add-On. The self-employed social security rate for 2020 remains at 15.3% (0.153). Once we have received the completed worksheet with changes for 2020, we will make the change to be reflected on the benefits billing statement included with the 2nd payroll mailing of each month. The Diocesan office then remits the clergy pension assessments to the Church Pension Fund on a monthly basis.

Clergy Social Security Add-on

While clergy are employees for income tax purposes, they are considered self-employed for Social Security tax purposes. Each parish and mission pays ½ of the cost of the social security obligation of their clergy staff. In order to calculate the figure for Social Security “Add-On”, also called Clergy FICA, the parish should request a letter from a local realtor stating the fair market rental value of the rectory(unfurnished plus utilities). Once you receive the realtor’s letter, please use the following method of calculation to determine the “Add-On”:

If a rectory is provided:
Cash Salary + Fair Market Value of unfurnished Rectory plus utilities = Total Salary
Total Salary X 7.65% = Amount Paid toward Social Security on Clergy's behalf.

If clergy own their own home:
Cash Salary + Housing Allowance = Total Salary
Total Salary X 7.65% = Amount Paid toward Social Security on Clergy's behalf.

Clergy Housing Equity Allowance

Our diocesan convention adopted a resolution many years ago recommending that clergy living in church-owned rectories be provided with an equity allowance as part of their compensation. This allowance is paid to a 403(b) plan to recognize the need for housing upon retirement. The recommended formula is to double the amount of the cleric’s contribution. For example, if the cleric contributes from 1% to 3% of compensation then the parish would contribute an amount equal to two times the clergy contribution.

It is recommended that the vestry/executive committee of congregations whose clergy live in church-owned housing consider the equity allowance and discuss its implementation for their clergy.

Clergy Study Leave

Parishes are encouraged to budget $500 per year for a study leave for their rector. Clergy are encouraged to take a study leave after five years as rector. Under the proposal, the diocese will partner with parishes and clergy in funding study leaves. Parishes are encouraged to set aside the budgeted funds in an escrow account until such time as the rector takes a study leave.

Lay Salaries

We encourage each parish to give serious consideration to the compensation levels being offered to lay employees. We are in the process of putting together the 2020 salary guidelines which will be available in early November. In the meantime, we have included the 2019 salary guidelines and a updated listing showing which salary range is appropriate for your parish. You are encouraged to pay attention to the midpoint for the appropriate salary range.
The compensation decisions should be based on the financial health of the parish, the midpoint of the salary range, and the performance of the individual employee. For example, if an employee was recently hired, it may not be necessary to budget a salary increase. If the employee is a good performer and has not received an increase for quite some time and is being paid below the mid-point of their salary range, we encourage the parish to consider a salary adjustment based on merit if warranted and sustainable.

We hope that each parish will also consider a system of performance appraisal/ministry review and annual salary review for all lay employees. Please contact Susan Olbon, solbon@diocesewma.org to obtain a sample copy of performance appraisal/ministry review materials that can be used for lay members of your staff. This information can also be obtained from the Diocesan website www.diocesewma.org

Lay FICA
Rates for your lay employees will remain at 7.65% for 2020. The maximum amount of annual earnings on which Social Security taxes are currently calculated is $132,900. The estimated maximum earnings limit for 2020 is not yet available. 1.45% continues to be paid for Medicare coverage with no earnings limit.

Lay Pensions
Based on General Convention Resolution A138 passed at the 2012 General Convention, parishes are required to provide a lay pension benefit for those lay persons working a minimum of 1,000 hours annually.

If you have lay persons that work 1,000 or more hours per year and who are not currently enrolled in the lay pension benefit, please contact Susan Olbon at Diocesan House at 1-800-332-8513, Ext. 120 or email solbon@diocesewma.org for more information.

Massachusetts Minimum Wage

Please make note that the Massachusetts Minimum Wage effective January 1, 2020 is $12.75 per hour.

Flexible Spending Account Benefit

This benefit is available for employees working 20 or more hours per week. This program allows employees to pay out-of-pocket medical, dental and dependent care expenses with pre-tax dollars, thereby providing the ability to stretch the “purchasing power” of their income. A summary of the plan appears below:

- Enrollment based on Plan Year (January 1)
- Plan will include both Medical/Dental option as well as Dependent Care
- $2,750 payroll deduction cap for medical/dental
- Employees working 20 or more hours per week are eligible
- Participation in Diocesan group insurance is not required

Each parish will be billed $6.50 per month, per participant in the plan. **Should one of your participating employees leave during the year, the monthly administrative fee will continue through the end of the calendar year.** The reason that the fee is billed through the end of the year is that the Plan is fully funded. This fully funded option means that if an employee leaves the employ of the parish during the year, the balance of the employees’ contribution is taken from their final pay which allows them to use the full benefit through the end of the year. The billing amount for the Flexible Spending Account (FSA) fee will be added to your monthly billing for benefits. For employees that participate in the plan, the
amount that they designate as a contribution to their FSA will reduce the FICA and/or Social Security Add-On liability to the parish. Here is an example:

**Employee earns $25,000 and elects to contribute $1,000 to the FSA.**

- **Without FSA Election**
  
  Salary $25,000 x 7.65%  
  FICA/Social Security Add-On = $1,913.

- **With FSA Election**
  
  Salary $25,000  
  FSA +1,000  
  $24,000 x 7.65%  
  FICA/Social Security Add-On = $1,836.

**Lay Life Insurance**

As of this writing, we have not received any updates to the group life insurance premium rates for 2020. Each parish and mission is required by resolution of Diocesan Convention, to provide lay employees working 1,000 or more hours per year with life insurance coverage. The cost of the coverage is paid 100% by the employing parish. Lay employees are provided life insurance coverage through the Church Insurance Company at a level of $50,000 for employees working 28 to 40 hours per week at a current monthly cost of $24.00 or $25,000 coverage for those working 20 to 27 hours per week at a current monthly cost of $12.00. If there is a change to these monthly rates for 2020, we will notify you.

### 2020 Monthly Medical and Dental Rates

**Anthem Blue Card PPO 90 – 6.45% increase**

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Employee Only</td>
<td>$ 990</td>
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<tr>
<td>Employee+ 1</td>
<td>$ 1,782</td>
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<tr>
<td>Family</td>
<td>$ 2,772</td>
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**Anthem Blue Card PPO 80 – 6.53% increase**

<table>
<thead>
<tr>
<th>Plan Type</th>
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<tbody>
<tr>
<td>Employee Only</td>
<td>$ 898</td>
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<tr>
<td>Employee+ 1</td>
<td>$ 1,616</td>
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<td>Family</td>
<td>$ 2,514</td>
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**Anthem Blue Cross CDHP 15/HSA – 6.47% increase**

<table>
<thead>
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<th>Plan Type</th>
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<tbody>
<tr>
<td>Employee Only</td>
<td>$ 854</td>
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<tr>
<td>Employee+ 1</td>
<td>$ 1,537</td>
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<td>Family</td>
<td>$ 2,391</td>
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**Anthem Blue Cross CDHP 20/HSA – 7.03% increase**

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Employee Only</td>
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<tr>
<td>Employee+ 1</td>
<td>$ 1,370</td>
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<td>Family</td>
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**$50/$150 CIGNA Basic Dental PPO Plan – 1.64% increase**

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>Cost</th>
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</thead>
<tbody>
<tr>
<td>Single</td>
<td>$ 66</td>
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<tr>
<td>Employee+</td>
<td>$ 119</td>
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<tr>
<td>Family</td>
<td>$ 185</td>
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</table>
2020 Property and Liability Insurance Rates

We anticipate that you will see an increase in the range of 7-8% to the 2020 property/liability insurance premiums. Church Insurance will notify you directly with the 2020 premium costs before the end of the year.

Workers Compensation Insurance

At this time, we believe that there will be no substantial increase to workers compensation premiums in 2020. The workers compensation premium is determined by using actual payroll figures from the prior year payroll reports. As with the property/liability insurance coverage, Church Insurance will notify you directly with the 2020 premium cost before the end of the year.

Diocesan Convention

Just as the Diocese has historically budgeted for the expenses associated with sending deputies to General Convention, parishes are encouraged to budget for expenses associated with sending clergy and lay delegates to Diocesan Convention each year. These expenses include the registration fee for each delegate, and may include mileage reimbursement and lodging expenses.

Mileage Reimbursement

The current IRS standard mileage rate is 58 cents per mile. The 2020 rate has not yet been released and we will send you a notification as soon as we have an update.

Professional Expense Reimbursement

Use this account to budget for such expenses as business lunches and entertainment, professional dues, conferences and meetings, clergy days, books and journals, etc.

It is important for the congregation to develop formal policies and procedures concerning expense reimbursement.

We encourage congregations to offer clergy a full reimbursement policy covering professional expenses. A reimbursement policy should be in writing and clearly specify what expenses the church will reimburse. It should also describe the documentation and reporting required to protect both the parish and the clergy person.

If a vestry adopts a reimbursement policy satisfying the requirements for an adequate accounting, then a clergy person (or lay employees that may be included in the policy) in effect “reports to the church” rather than to the IRS concerning professional expenses. The church does not include the amount of reimbursements on the W-2, and the clergy person does not report them as part of his/her wages on Form 1040. This can cost the church nothing, once it identifies a line item in the church budget for clergy professional expenses, yet it may result in significant tax savings for the clergy person.