



THE EPISCOPAL DIOCESE OF WESTERN MASSACHUSETTS
'CELEBRATING GOD'S ABUNDANCE'

Central Payroll System
General Information and Instructions
Effective January 1, 2021

Agency Agreement

The Central Payroll System is operated as a service to the parishes and missions of the diocese. The input of payroll and benefit information takes place at the Diocesan administrative offices and is then transmitted to Checkwriters, a local payroll service, where the printing of checks, direct deposits and payroll tax reporting is done. Under the current agreement, the Diocese, through its agency function, provides this service to parishes and missions. **Here's how it works:**

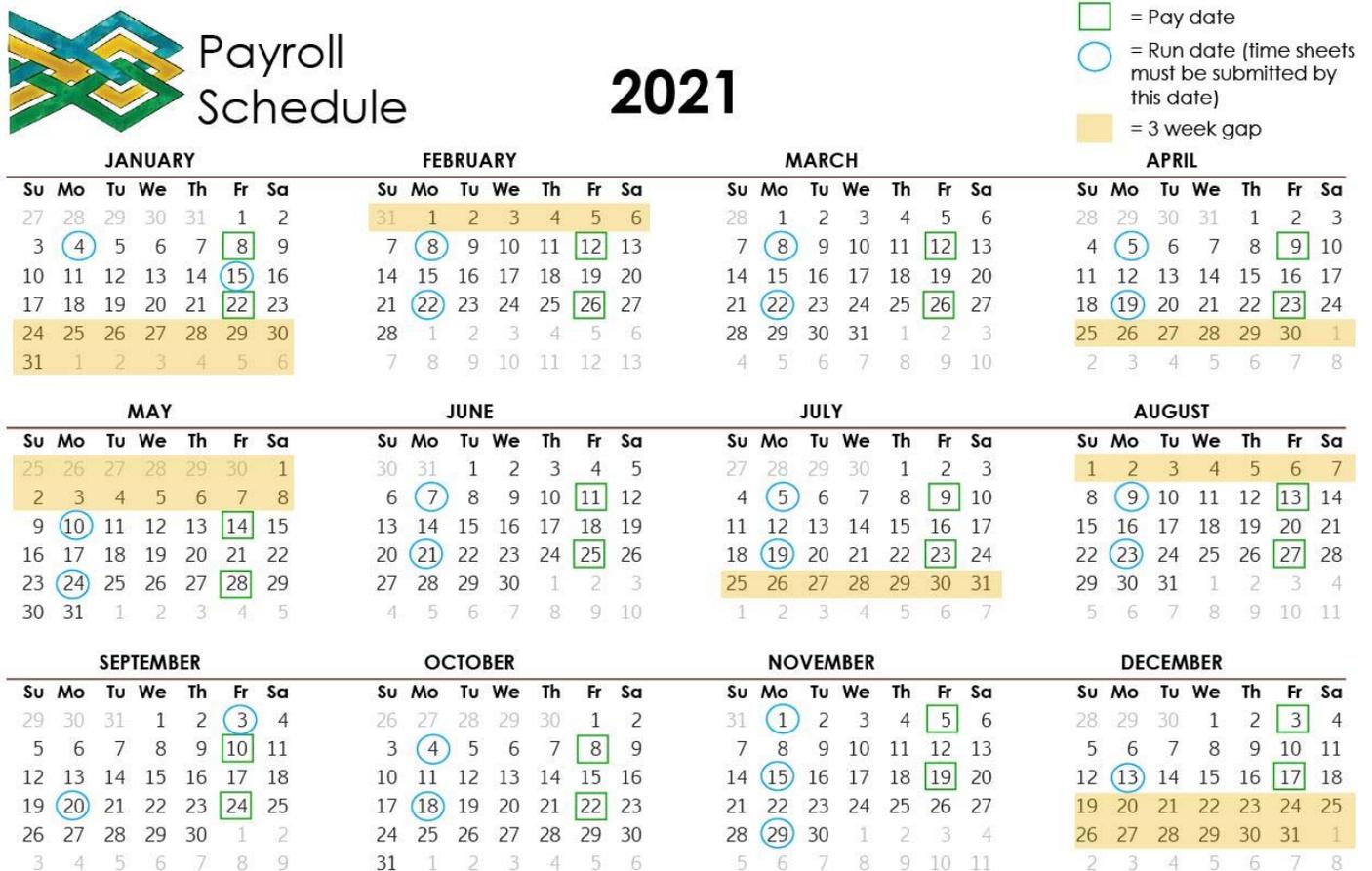
- Written notice of all payroll changes is required. We accept changes, in writing, through the use of the [Diocesan Central Payroll Authorization Form](#), via mail or email and **we ask that payroll information be received at the diocesan offices 4 business days before the actual payroll date, this is the "Run Date". Any changes received after that date will not be processed until the next payroll period. If a special payroll run is required, there is a fee that must then be passed along to the employing parish. The schedule of Run Dates and Payroll Dates can be found on the following page.**
- Each parish reimburses the Diocesan payroll account through an electronic banking system maintained by the Diocesan administrative offices for all clergy/lay salaries and the employer's share of lay social security, clergy social security add-on, lay pension and clergy 403(b) contributions. A summary of these charges entitled "Church Summary Special Listing" is provided to the treasurer twice monthly which **1)** provides the figures needed for the treasurer to verify payroll costs for each pay period and **2)** serves as a basis for verifying the amount charged to the parish checking account via electronic funds transfer (EFT). The EFT is processed on the first business day following each payroll.
- The parish also reimburses the Diocesan payroll account via (EFT) for group benefits such as medical/dental insurance provided to clergy and lay employees as well as clergy pension assessments. A separate sheet with itemized costs of these benefits is included with the second payroll mailing of each month.

2021 Payroll Run Date Schedule

The diocese contracts with an outside payroll processor requiring that payroll be processed 4 business days before the pay date of the payroll, we refer to this as the "Run Date". The "Run Date" is the date that payroll information is input here at the Diocesan administrative offices and transmitted to our payroll service for processing. By allowing 4 days processing time, this ensures that all direct deposit information is transmitted to each employee account for timely credit on the scheduled pay date. The "Run Dates" are influenced by weekends and holidays.

We require that all payroll changes such as new hires, terminations and time sheets for hourly employees be received no later than 4 business days before the pay date which is referred to as the "Run Date" on the schedule that follows. Any payroll changes received after that date will not be processed until the next payroll period.

The 2021 Pay Date and Run Date schedule is as follows:



Clergy Compensation

Clergy FICA- Clergy paid through the diocesan payroll system receive a "grant" (referred to as Social Security Add-On" and/or Clergy FICA) toward the applicable self-employed social security tax. Clergy are considered to be self-employed for purposes of Social Security and as a result, clergy are subject to a 15.30% self-employment tax rate. The amount on which the self-employment tax is calculated consists of cash salary + fair market rental value of church-provided housing and/or actual housing allowance paid.

The amount of Clergy FICA/S. Sec. Add-on is calculated as follows:

Cash Stipend

\$31,000.

plus: Vestry approved Housing Allowance or Fair Rental Value of Unfurnished Rectory Plus utilities

\$24,000.

Social Security Base

\$55,000.

x 15.30% Self-Employed Rate

\$8,415.00/2=½ **Social Security**

"Add-On"/Clergy FICA

\$4,207.50

The annual "add-on" amount is added to the cash stipend and is subject to federal and state income taxes and is also part of the clergy pension assessment calculation. Please contact Susan Olbon with questions about clergy compensation at 413-417-2429 or solbon@diocesewma.org

Massachusetts Minimum Wage

Please be mindful that the minimum wage in Massachusetts will increase from \$12.75 per hour to \$13.50 per hour effective January 1, 2021.

Lay Compensation

Lay FICA-As of January 1, 2021, the total rate for social security tax continues to be 7.65% for lay employees. This means that as the employer, each church is responsible for their 7.65% employer share of the social security tax. This amount appears on the "Church Summary Special Listing" that is sent to the parish treasurer following each payroll run.

Annual Salary Information

Notice of annual salary information should be sent, in writing, to the Diocesan Payroll Department as close to the first of the year as possible. You can submit changes by using a Central Payroll Authorization Form (sample enclosed with this mailing) or on church letterhead via mail or email to Alison Gamache agamache@diocesewma.org

Variable Work Hour Employees

In most instances, part-time employees work a predetermined number of hours per week and therefore, can readily be paid fixed amounts on a monthly or semi-monthly basis. There are instances of employees who work varying hours. If you have an employee that is working variable hours, we must be informed in writing of actual hours worked. This can be accomplished by emailing a completed time sheet to Alison Gamache agamache@diocesewma.org.

Pay Frequency and Tax Status

Computation of Pay Frequency- An employee may elect to be paid monthly or semi-monthly. The salary base and the taxes withheld will be based on 1/12 or 1/24 of the annualized salary. In effect, this means that all salaries will be annualized and reduced to a monthly base (1/12) or a semi-monthly base (1/24). **Monthly pay is issued on the 4th Friday of the month. Semi-monthly pay is issued on the 2nd and 4th Friday of each month.** In the event either the 2nd or 4th Friday falls on a holiday, the payroll is issued in time to arrive on the workday immediately preceding.

Computation of Adjustments-

Adjustments for partial pay for new or terminated employees will be based on the number of credited days of work and accrued vacation for a standard month of 30 days. (Example: Employed on the 18th of the month, $13/30 = .433\%$ monthly salary; terminated on 18th of month $17/30 = .566\%$ monthly salary.)



Withholding Taxes- Federal and state withholdings will be calculated on the basis of an individual's withholding status (single, married), number of exemptions listed on the Form W-4 and Form M-4 and the salary paid by the church. Persons requiring additional withholding are advised to revise the W-4 on file through the Diocesan Payroll Department.

These withholding forms are available from the Diocesan Payroll Department or online at www.irs.gov for Form W-4, www.dor.state.ma.us/

Hiring a New Employee

For new hires, you will need to submit a Central Payroll Authorization Form which can be found on the diocesan website www.diocesewma.org under Parish Treasurer Resources and the following forms: Form W-4 www.irs.gov, Form M-4 www.dor.state.ma.us/ and Form I-9 www.uscis.gov/i-9 This information should be sent via email to Alison Gamache agamache@diocesewma.org

Direct Deposit/Paperless Payroll

We offer direct deposit and paperless payroll to employees paid through the Central Diocesan Payroll system. Under this program, the employee's net pay is deposited to his/her account automatically each payday which can be viewed online through their own personal account with Checkwriters, our payroll processor. Please invite employees to contact the Diocesan Payroll Office for details on how to sign up for this program.

If you should have any questions, please contact Alison Gamache at (413) 372-8682 or email agamache@diocesewma.org