

**Resolutions Concerning Clergy & Lay Compensation and Benefits – 138AC-05**

**RESOLUTION I: Minimum Cash Salary for Clergy**

RESOLVED, that the 138<sup>th</sup> Convention of the Diocese of Newark adopts the following minimum salary standards for full-time clergy serving parishes or missions in the Diocese, effective January 1, 2013:

<b>Category</b>	<b>2012</b>	<b>2013</b>	<b>% change</b>
Transitional Deacon	\$ 31,900	\$32,900	3.13%
Assisting Priest	\$ 33,950	\$35,000	3.09%
Rector, Vicar, or Priest-in-Charge	\$ 42,500	\$43,800	3.06%

**Supporting Information**

The Diocese of Newark has adopted a system of salary administration for clergy that includes minimum salary standards for all full-time clergy serving parishes or missions in the Diocese. Minimum salary standards are reviewed annually and recommendations are made to Convention for appropriate changes. Historically, increases in the minimum standards have been based on levels of consumer price inflation. A history of the last ten years follows:

<b>Effective Year</b>	<b>Transitional Deacon</b>	<b>Assisting Priest</b>	<b>Rector, Vicar, or Priest-in-Charge</b>
2003	\$ 24,650	\$ 26,300	\$ 32,850
2004	\$ 25,400	\$ 27,100	\$ 33,850
2005	\$ 26,200	\$ 27,950	\$ 34,900
2006	\$ 27,000	\$ 28,800	\$ 36,000
2007	\$ 28,000	\$ 29,800	\$ 37,300
2008	\$ 29,400	\$ 31,300	\$ 39,200
2009	\$ 30,300	\$ 32,250	\$ 40,400
2010	\$ 31,250	\$ 33,250	\$ 41,650
2011	\$ 31,250	\$ 33,250	\$ 41,650
2012	\$ 31,900	\$ 33,950	\$ 42,500
<b>2013 (proposed)</b>	<b>\$32,900</b>	<b>\$35,000</b>	<b>\$43,800</b>

**RESOLUTION II: Recommended Merit Increase Guidelines**

RESOLVED, that the 138<sup>th</sup> Convention of the Diocese of Newark recommends the following scale, effective January 1, 2013, for annual merit increases in salaries paid to clergy in the Diocese:

<b>Merit Increase Guidelines</b>	
<b>Performance Assessment</b>	<b>Percent Increase</b>
Outstanding	4 – 7%
Very Good	2 – 5%
Satisfactory	Up to 3%

**Supporting Information**

The Diocese of Newark recommends an annual performance review for clergy in addition to a mutual ministry review. Merit increases should be awarded based on this review in accordance with the merit increase guidelines and other market factors such as scope of position, length of service, and compensation relative to the average compensation within this diocese and surrounding dioceses. To assist congregations in this process, the Diocese of Newark has published a Performance Review Model on the diocesan website. The Church Pension Fund publishes an annual report with compensation information by church size in each diocese

which can be found at [www.cpg.org/research](http://www.cpg.org/research). Compensation comparisons for dioceses surrounding Newark can be found on the last page of this document.

### **RESOLUTION III: Pension Benefits for Lay Employees and Clergy**

RESOLVED, that the 138<sup>th</sup> Convention of the Diocese of Newark, in accordance with Resolution A138 of the 2009 General Convention and Canon 8 as amended at that Convention, mandates that pension benefits be provided through the Church Pension Fund to the following persons working for congregations and other entities subject to the authority of the Church, effective January 1, 2013:

- 1) all clergy, including bishops, priests and deacons but excluding those who have retired and are receiving pension benefits from The Church Pension Fund, who are paid at least \$200 per month (excluding travel expenses) for three or more consecutive months
- 2) all lay employees scheduled to work a minimum of 1,000 hours annually.

### **Supporting Information**

Clergy have been provided pension benefits through The Church Pension Fund since 1917. This resolution restates this requirement and clarifies the eligibility. Since 1993 the General Convention has required that lay employees of the Church working a minimum of 1,000 hours annually receive pension benefits. In 2009, this requirement was made part of our national canons. This resolution implements this requirement in our diocese. All congregations, pre-schools, nursery schools, Community Development Corporations, schools or other organizations in the Diocese of Newark who pay clergy and/or lay employees for their work must provide pension benefits to these eligible persons under the rules set forth by The Church Pension Fund in accordance with the national canon.

## Summary of Clergy Compensation Policies (2012)

Category	Details
Cash Salary	<p><b><u>Mandated by Diocesan Convention Resolution</u></b></p> <ul style="list-style-type: none"> <li>• Rector, Vicar, or Priest-in-charge: \$42,500</li> <li>• Assisting Priest: \$33,950</li> <li>• Transitional Deacon: \$31,900</li> </ul>
Supply Clergy Stipend	<p><b><u>Mandated by Diocesan Convention Resolution</u></b></p> <ul style="list-style-type: none"> <li>• Sundays - \$200 plus \$100 for each additional service</li> <li>• Weekdays - \$100 per service</li> <li>• IRS-approved mileage to/from the worship site</li> <li>• Remuneration can be eligible for the clergy housing allowance exclusion if the vestry or executive committee so authorizes prior to the performance of services</li> <li>• Congregation must pay pension if clergy works 3 consecutive months and earns at least \$200 a month</li> </ul>
Housing & Utilities	<p><b><u>Mandated by Diocesan Convention Resolution</u></b></p> <ul style="list-style-type: none"> <li>• Housing and utilities supplied or appropriate cash allowance provided.</li> </ul>
Social Security Offset	<p><b><u>Mandated by Diocesan Convention Resolution</u></b></p> <ul style="list-style-type: none"> <li>• 50% of estimated Self-Employment (SECA) tax.</li> <li>• Refer to example for calculation.</li> </ul>
Housing Equity Allowance	<p><b><u>Mandated by Diocesan Convention Resolution</u></b></p> <ul style="list-style-type: none"> <li>• 2% mandated, with up to 10% recommended, of Total Compensation as tax-deferred set aside if cleric lives in church-owned housing.</li> <li>• Housing Equity Allowance is incorporated into the Pension assessment but is not subject to Social Security tax.</li> </ul>
Pension/ Life Insurance/ Disability Insurance	<p><b><u>Mandated by National Canon/Church Pension Fund</u></b></p> <p><b>Pension</b></p> <ul style="list-style-type: none"> <li>• Assessment of 18% of Total Compensation (Cash, Housing and Utilities, Social Security Offset, and Housing Equity Allowance).</li> <li>• Paid quarterly to Church Pension Fund.</li> </ul> <p><b>Life Insurance</b></p> <ul style="list-style-type: none"> <li>• The amount is two (2) times Total Compensation, with a maximum of \$100,000.</li> </ul> <p><b>Disability Insurance</b></p> <ul style="list-style-type: none"> <li>• Short and Long Term Disability Insurance is provided by the Church Pension Fund.</li> <li>• Maternity Leave benefits are provided by the Church Pension Fund. Details are available at <a href="http://download.cpg.org/pensions/publications/clergy/pdf/benefits_clergypensions.pdf">http://download.cpg.org/pensions/publications/clergy/pdf/benefits_clergypensions.pdf</a></li> </ul>

## Summary of Clergy Compensation Policies (continued)

Category	Details
Health Insurance	<p><b><u>Mandated by Diocesan Canon</u></b></p> <ul style="list-style-type: none"> <li>• Clergy choice from diocesan plans.</li> <li>• Rates vary by plan choice and coverage level.</li> </ul>
Dental Insurance	<p><b><u>Mandated by Diocesan Canon</u></b></p> <ul style="list-style-type: none"> <li>• Rates vary by coverage level.</li> </ul>
Vacation	<p><b><u>Recommendation</u></b></p> <ul style="list-style-type: none"> <li>• Negotiable. Amount should be agreed upon in advance.</li> <li>• Most clergy have four (4) or more weeks of vacation.</li> </ul>
Parental Leave	<p><b><u>Mandated by Diocesan Convention Resolution</u></b></p> <ul style="list-style-type: none"> <li>• Paid leave available to new parent.</li> <li>• Eight (8) weeks with pay if parent is primary care-giver.</li> <li>• Two (2) weeks with pay for non-primary care-giver; additional leave negotiable.</li> </ul>
Sabbatical	<p><b><u>Recommended by Diocesan Convention Resolution</u></b></p> <ul style="list-style-type: none"> <li>• Cleric eligible for three (3) month sabbatical every five to seven years.</li> <li>• Funding to be set-aside annually in preparation.</li> </ul>
Survivor Benefits	<p><b><u>Recommended by Diocesan Convention Resolution</u></b></p> <ul style="list-style-type: none"> <li>• Minimum of three (3) months continued compensation including health and housing benefits for spouse/partner and dependent family of a cleric who dies in active service.</li> </ul>
Business Expenses	<p><b><u>Mandated by Diocesan Convention Resolution</u></b></p> <ul style="list-style-type: none"> <li>• \$4,000 minimum for reimbursement of allowable business expenses, including business use of personal car, administered through an accountable plan.</li> </ul>
Continuing Education	<p><b><u>Mandated Diocesan by Convention Resolution</u></b></p> <ul style="list-style-type: none"> <li>• Minimum \$500 annually.</li> </ul>

## Determining Part-Time Compensation

It is expected that full-time clergy work approximately 50 hours in an average week. Compensation calculations for part-time clergy should be based on this average. For example, a half-time position would require 25 hours of work per week. Clergy, whether part-time or full-time, are acknowledged to be "on-call" all of the time.

Part time clergy are compensated based on the applicable percentage of full time compensation and benefits. For example, a half-time position would require one half of the minimum cash stipend. Some benefits, such as health and dental insurance, would be paid in full.

## Establishing a Housing Allowance

A portion of each clergy person's cash stipend may be designated by a Vestry or Executive Committee as a "housing allowance" in accordance with the Internal Revenue Code. The designation must be voted upon prior to payment and explicitly noted in the minutes of the meeting. The clergy person is solely responsible for tracking qualified housing expenditures and declaring any excess "housing allowance" as income. The maximum amount of "housing allowance" (excludable from taxable income) is the **lowest** of the following three amounts:

- the fair market rental value of the house (fully furnished)
- the actual amount spent to provide housing (including furnishings and utilities)
- the amount designated in the vestry designation

## Calculation of Social Security Offset for Clergy

Clergy are considered employees for income tax purposes (compensation reported on W-2) but are taxed as self-employed persons for Social Security purposes. This is called SECA, which is named for the Self-Employment Contributions Act. The Diocese of Newark mandates that clergy compensation be enhanced by an amount equal to 50% of the clergy person's estimated self-employment tax to compensate for this additional tax. It should be noted that this compensation enhancement is also considered taxable income. The example below outlines the calculation of the Social Security Offset.

<b>Step 1</b>	<b>Calculate Total Self-Employment Income</b>		
Salary		\$50,000.00	
Utility Expense		\$ 4,000.00	
Housing		\$24,000.00	*
Social Security Estimate		\$ 5,928.00	**
<b>Total Self-Employment Income</b>		<b>\$83,928.00</b>	
<b>Step 2</b>	<b>Calculate Income Adjustment</b>		
Total Self-Employment Income * .0765		<b>\$ 6,420.00</b>	
<b>Step 3</b>	<b>Calculate Taxable Self-Employment Income</b>		
Total Self-Employment Income – Income Adjustment		<b>\$77,508.00</b>	
<b>Step 4</b>	<b>Calculate SECA Tax</b>		
Taxable Self-Employment Income * 0.153 (15.3%)		<b>\$11,859.00</b>	
<b>Step 5</b>	<b>Calculate Social Security Offset</b>		
SECA Tax X 0.5 (50%)		<b>\$ 5,930.00</b>	

\* For clergy living in rectories or vicarages, housing value for IRS purposes is the FAIR MARKET RENTAL VALUE of the housing provided

\*\* An initial estimate is to add current salary, utilities and housing together and then multiply by .076.

## Pension Assessment for Church Pension Fund

Clergy receiving cash housing allowance		Clergy in rectory or vicarage	
Cash Salary	\$50,000.00	Cash Salary	a) \$50,000.00
Housing & Utility Allowance	\$28,000.00	Utility Expense	b) \$4,000.00
Social Security Offset	\$5,930.00	Social Security Offset	c) \$5,930.00
		*Housing "value" (a+b+c) x 0.3	\$17,979.00
		5% Housing Equity Allowance	d) \$3,895.00
<b>Total Compensation</b>	<b>\$83,930.00</b>	<b>Total Compensation</b>	<b>\$81,804.00</b>
Pension Rate	18%	Pension Rate	18%
<b>Pension Assessment</b>	<b>\$15,107.40</b>	<b>Pension Assessment</b>	<b>\$14,724.72</b>

\*For pension purposes, the pensionable value of housing for those living in a rectory or vicarage is 30% of the total of cash salary, utilities, social security offset, and other cash compensation including Housing Equity Allowance.

## Median Compensation\* by Church Size – All Senior & Solo Full-Time Clergy

Diocese	Family (0-75)	Pastoral (76-140)	Transitional (141-225)	Program/Resource (226+)
Newark	\$63,604	\$69,852	\$85,280	\$112,454
New Jersey	\$66,183	\$82,750	\$91,422	\$100,936
New York	\$71,826	\$79,930	\$107,741	\$134,956
Long Island	\$72,241	\$81,824	\$90,194	\$114,924

Source – The 2010 Church Compensation Report, The Church Pension Group, November 2011

\* Total Compensation is the assessable compensation reported to the Pension Fund and includes, but is not limited to cash salary, utilities, payments made to Social Security, and housing, either in the form of a housing allowance or, if a rectory is provided, as 30% of salary. Compensation also includes such items as contributions to individual retirement accounts, cash gifts to clergy and the payment of school fees for clergy children. Compensation does not include the pension payments made to the Pension Fund or any other standard employee benefit.

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Submitted by the Bishop's Advisory Committee on Human Resources and Benefits: Ms. Linda Curtiss, Chair, The Rev. Lauren Ackland; Mr. Hook Bailey; The Rev. Barrie Bates; Ms. Patty Bradley; Ms. Charlotte H. Chappel; Mr. Michael Francaviglia; Ms. Lindsay McHugh; Mr. John Niles; The Rev. Paul Olsson; Dr. Matthew Price; Ms. Leslie Thomas