



EPISCOPAL CHURCH IN CONNECTICUT

PARTICIPATING IN GOD'S MISSION

The Episcopal Church in Connecticut TREASURERS' NEWSLETTER September 2014

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TREASURERS' NEWSLETTER

September 2014

A. CLERGY COMPENSATION INFORMATION

1. **2015 MINIMUM SALARY SCHEDULE (For all stipendiary clergy including transitional deacons)**

The following schedule (w/comparisons from 2010 forward) was ratified by the Executive Council at its September 6, 2014 meeting for subsequent presentation to our Annual Convention on October 24/25, 2014, for its approval. If the proposed changes are approved by Convention, they should be reflected in parish budgets:

Full-time Clergy – Minimum Cash Salary

2010 2011 2012 2013 2014 2015

% Increase	0.00%	2.50%	3.00%	1.00%	1.50%	1.50%	*
Transitional Deacons/ Priests first full year#	31,299	32,081	33,043	33,373	33,874	34,382	#
Full-time assistants:	33,535	34,373	35,404	35,758	36,294	36,838	
Rector/Priest-in-charge:	38,009	38,959	40,128	40,529	41,137	41,754	
1st 20 yrs+:	672	689	710	717	728	739	+
Top of minimum:	51,446	52,732	54,328	54,869	55,697	56,532	
Continuing Education:	1,000	1,500	1,500	1,500	1,500	1,500	!

See "Legend" below for explanatory notes

Minimum Compensation Formula for Part-time Clergy

	Minimum Cash Salary	Continuing Education	Social Security Allowance (SSA)	Housing/Utilities Allowance	Medical, Dental & Life Insurance	Pension
3/4 time	75% of Full-time	75% of Full-time	Same formula as Full-time	75% of Full-time	85% - 100% of premium	Same formula as Full-time
1/2 time	50% of Full-time	50% of Full-time	Same formula as	50% of Full-time	50% of premium	Same formula as

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			Full-time			Full-time
Missional Priest(8-20 hours/week Sunday Plus^)	Negotiable (if retired, must be under the "work after retirement" earnings cap	Negotiable	Same formula as Full-time (Not applicable if clergy is retired)	Negotiable	Negotiable	Same formula as Full-time (Not applicable if clergy is retired)

See "Legend" below for explanatory notes

Additional Compensation Components and Requirements

Social Security allowance (SSA) See factors for this calculation in the Treasurers Newsletter which approximate 60% of the self-employment (SE) liability of compensation package

Housing/Utilities Parish may provide church owned housing and church paid utilities or they may provide a housing allowance. A housing allowance will be determined in conjunction with the Canon for Mission Leadership based upon housing costs in the parish community and the clergy's full-time equivalent status.

Housing equity allowance equal to 3% of the amount recorded as "compensation" by the church pension fund (only after 5 years of ordination). This applies only if the rector is provided housing by the church or receives a housing allowance that does not permit an ownership interest in that housing.

Medical, Dental and Life Insurance Whether coverage under this health insurance plan is for a single person, two persons, or a family is left to the sole discretion of the priest. The parish's minimum contribution rate to the medical insurance plan shall be set periodically by the Executive Council in accordance with the plan (currently parishes must contribute **at least 85%** of the cost of medical insurance premium for clergy regularly scheduled to work 1,500 hours or more per year). Premiums for life insurance and dental coverage for full-time clergy must be paid 100% by the employer. Medical for part-time clergy will be based upon the part-time guidelines

Pension fund contributions are calculated based upon "compensation" according to Church Pension Fund formula based upon type of housing provided. See section 6 of this Treasurers' Newsletter for guidance on calculating this benefit.

Paid Time Off for All Clergy (Vacation, Holiday, Continuing Education and Sabbatical)

	<u>Vacation</u>	<u>Holiday</u>	<u>Sabbatical</u>	<u>Continuing Education</u>
Full -time	See below **	14 paid holidays/leave days	3 month paid sabbatical option after 5 years	5 days
3/4 time	See below **	14 paid holidays/leave days	Negotiable	Negotiable
1/2 time	See below **	7 paid holidays/leave days	Negotiable	Negotiable
Missional Priest(8-20 hours/week^)	See below **	N/A	N/A	Negotiable

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Also see "Legend" below for explanatory notes

** Five weeks, which may include up to 5 Sundays (at the discretion of the clergy). A week is commensurate to the call and as defined in the Letter of Agreement:

Full-time — Five weeks,
 Three-Quarter Time — Five $\frac{3}{4}$ time weeks
 Half-Time—Five $\frac{1}{2}$ time weeks
 Less Half-Time (MP) —Five MP weeks, as delineated in LOA

TRAVEL EXPENSES Parishes should provide an annual professional expense allowance for reimbursement of documented expenses according to a Vestry-approved accountable plan. Expenses incurred in the course of professional activities on behalf of the parish include travel/car expense allowance at a rate consistent with IRS guidelines. Professional expenses include books, professional journals, conferences, meetings, professional lunches and professional memberships. Travel in support of our church business should be reimbursed at the IRS mileage rate, which is currently **\$0.56** per mile, effective January 1, 2014. Changes in the IRS mileage reimbursement rate are presented on <http://www.irs.gov/2014-Standard-Mileage-Rates-for-Business,-Medical-and-Moving-Announced>. For IRS tax purposes, it is recommended that parishes adopt this method of business travel and professional expense reimbursement and that the parish provides an adequate budget amount to accommodate documented expense reimbursement requests. A flat allowance to cover these business expenses is not recommended.

LEGEND

* This salary figure represents a **1.5%** increase over the 2014 salary schedule. The figures are based on projections using trends and figures available from the Bureau of Labor Statistics through 8/19/2014. There is no additional base increase built into the increment.

! If in church owned housing, utilities may be pro-rated based upon full-time equivalent (FTE) rates. In addition to the cash minimum salary above, compensation packages should include housing and utilities (i.e. church-owned housing or suitable housing allowance for clergy owned or rented housing)

Transitional Deacons/Priests first full year rate is for the first year following ordination to the DIACONATE. Beyond that first year, the rate used should be under the category of full-time assistant or Priest-in-Charge as appropriate.

+ **From date of Ordination to the Diaconate:** Rather than prorating the increase for the exact date of ordination, it is recommended that the incremental step be paid as of January 1st for the entire calendar year after the year of ordination. The incremental step applies to all clergy except for Transitional Deacons and Priests in their first year of ordination.

^**The Missional Priest (MP)** is an active and engaged leader that helps a parish to re-imagine and re-engage its vocation to participate in God's mission of restoration and reconciliation in new and life-giving ways. This call is beyond what is historically described as "long term supply" and requires a commitment of time, energy, and talent beyond Sunday services and pastoral care. "Sunday Plus" describes the "work period" of the MP in broad terms. The MP presides and preaches at Sunday Eucharist and an additional day or two ("Plus"), the amount of time and day(s) to be negotiated between the Vestry and MP, not to be less than 8 hours weekly, and not more than 20. "Plus" then is contextual and will vary from one parish to the next (e.g., Sunday *plus* Wednesday afternoon and evening; or Sunday *plus* Tuesday morning and Wednesday all day, etc.). When calculating vacation, the MP is entitled to annual paid vacation of 3 Sundays and 2 "Plus" days, however this is negotiated in the LOA.

! The Continuing Education amount for 2015 is \$1,500.00 for full-time clergy for continuing education and for a contribution toward the expense of the annual clergy conference. It is not intended as cash compensation but as an offset to actual educational/conference expenses. A week of continuing education time away from the parish is an integral part of this allowance for full-time clergy.

Merit Increases: There is no recommended policy for merit increases. However, consideration for equity and merit adjustments is encouraged for added job responsibilities and recognition for work well done beyond the expectations outlined in letters of agreement.

Vocational Deacons – see #7

2. **HOUSING EQUITY ALLOWANCE**

Clergy who have completed five full years of ministry following ordination (Diaconate) and are provided housing by the church or employing agency, or receive a housing allowance that does not permit an ownership interest in their housing, are to be paid a Housing Equity Allowance (HEA) equal to at least 3% (See formula in Section 3) of the amount recorded as "compensation" by the Church Pension Fund.

COMPENSATION as defined by the Church Pension Fund is the total amount of the following items:

CASH SALARY The amount of money paid to your priest including bonuses and any part of the Self Employment (Social Security) Tax, which may be reimbursed (also known as the Social Security Allowance-SSA), but excluding any reimbursement allowances and other professional fees.

(Note: If your priest has participated in a tax sheltered annuity/salary (403b/401k) deferral plan, for pension purposes, assessments are still based on the original, unreduced cash salary; and if your priest receives a Housing Equity Allowance (HEA) as defined on page 4, said allowance should be included in the cash salary portion of the compensation when reporting to the Pension Fund.)

UTILITIES An allowance paid by the parish to your priest for rectory, water, fuel, gas and electric bills, and base rate for the telephone, or if the vestry pays the utility bills, an approximation of the annual amount based on the last 12 months of occupancy.

(Note: Since utilities vary from year to year, you and your priest should review this part of compensation and keep the Church Pension Fund abreast of any changes.)

HOUSING If your priest has living quarters provided rent-free by the parish, the value of housing for pension purposes, is calculated as 30% of the combined total of cash salary plus utilities plus social security allowance plus housing equity allowance (where applicable). If, however, a rental or housing allowance is provided, housing is figured as the actual amount of that allowance or 30% of the cash salary plus utilities plus social security allowance plus housing equity allowance (if applicable) combined, whichever is greater.

(Note: (1) If your priest receives compensation from more than one Church Unit and one source provides housing, each source is assessed a share of the housing amount.

(2) If both board and housing are provided, the value is taken at 40% of the cash salary plus utilities combined, rather than 30%.)

The Housing Equity Allowance (HEA) will be taxable to the recipient unless he or she makes arrangements to defer taxes thereon by investing in a TSA/TDA (403b/401k) or other vehicle. Be careful of limitations on such investments under the tax law. The HEA will also be assessable for Church Pension Fund (CPF) purposes. It should be reported to the CPF as part of "Cash Salary" or as otherwise instructed on the New Assignment Notice, Report in Change in Compensation or Status form.

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3. **FORMULAS FOR SOCIAL SECURITY AND HOUSING EQUITY ALLOWANCES FOR CLERGY**

The projections for 2015 are based on the 2014 rate of 15.3% for self employed clergy. Please note that the factors used to calculate the social security allowance figure do not cover the entire self-employment tax obligation of the clergy person. The tax is applicable to income up to \$117,000 for 2014 and will be at least that figure for 2015. The maximum and any new rate structure will not be established until November. For budgeting purposes, assume the 15.3% rate will apply for income up to \$119,000.

As in 2014, income for 2015 above the estimated maximum of \$119,000 on all lay employees and self-employment-taxed clergy will be at the rate of 2.9% for Medicare hospital insurance (for lay employees, half of this tax is paid by employees and half by employers). The minimum allowance for clergy compensation package amounts above the estimated \$119,000 income level approximates 60% of the 2.9% tax or 1.74%. Any change in the Medicare rate for 2015 should be known in November.

The estimated maximum SE tax (social security self employment tax) for 2015 on the first \$119,000 is \$18,207 and the maximum SSA allowance (clergy minimum) on that amount paid by parishes to clergy would be \$10,924 (60% of \$18,207):

2015 Estimated SE and Medicare tax rate: 15.3% on the first \$115,500
2.9% from \$115,500 to No Maximum

Factors to calculate the estimated 2015 Social Security Allowance on the first \$115,500 of total compensation for clergy whose churches

Pay Housing allowance:	.1011 (Cash + Hsg + Utils)
Provide Housing with no HEA:	.1355 (Cash + Utils)
Provide Housing and pay HEA:	.1415 (Cash + Utils)

For total compensation packages above the estimated SE and Medicare tax rate of \$119,000, multiply the excess over \$119,000 by 1.74% to compute the allowance on the excess and add to the calculation from the factors above to determine the total Social Security Allowance.

Factors to calculate the estimated 2015 Housing Equity Allowance (HEA) for clergy whose churches

Provide housing:	.0390 (Cash + SSA + Utils)
Pay housing allowance (also used for rentals):	.030 (Cash + SSA + Hsg + Utils)

Abbreviations used:

Cash = Cash Salary	SE = Social Security Self Employment Tax
FICA = Federal Insurance Contributions Act	SSA = Social Security Allowance
Hsg = Housing	Utils = Utility Allowance or cost of utilities provided

IMPORTANT NOTES

A. All the factors used in the calculations for church owned housing are based on the value of the housing calculation of the church pension fund (30% of cash salary, utilities, social security allowance and housing equity allowance). In some geographic areas of the state, the actual value of housing exceeds that 30% formula. Parishes are encouraged to provide an enhanced social security allowance in those locations. The standard allowance factors are a minimum requirement – there is no prohibition of an enhancement to the minimum allowances.

B. All the calculations shown are based on 100% of net earnings. Self-employment tax liability (IRS form 1040 Schedule SE) is actually calculated on 92.35% of the net earnings. We've established the use of 100% of the net earnings in our minimum social security allowance calculations to accommodate for the IRS taxability of the social security allowance itself and to allow for the partial reimbursement of that additional IRS obligation as well as through the use of a 60% cost sharing as opposed to a secular/lay cost sharing of 50%. The 60% cost sharing is reflected in the factors above.

EMPLOYER/LAY EMPLOYEE FICA RATE FOR 2015 (Estimated)

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- 15.3% - (Lay Employee=7.65%, Employer=7.65%) on the first \$119,000
- 2.9% - (Lay Employee=1.45%, Employer=1.45%) on the amount over \$119,000 (no maximum)

Parishes must withhold for all lay (non-clergy) employees who earn over \$200.00 weekly. Penalties for parishes who avoid such deductions are very heavy.

4. **CLERGY HOUSING AND FURNISHING ALLOWANCES**

Housing, furnishing, and professional expense allowances **must be voted and duly recorded by the vestry prior to January 1, 2015** the beginning of the new tax year.

Clergy who own their own homes are allowed to exclude from income a housing allowance equal to the entire cash amount spent for housing, which does not exceed the annual fair rental value of the minister's home (furnished including utilities for clergy owned housing). Clergy should be cautious in planning their resolution exclusion for 2015 and should further check with their tax advisor before setting the amount of their allowance. (Note: Changes can be made in the housing allowance amount during the tax year but cannot be retroactive for expenses incurred prior to the change.) It is advisable to have a real estate professional set the fair rental value of the home as furnished plus utilities and issue a statement to that number for your records.

Clergy who live in church-owned or church-rented dwellings can exclude from income an amount equal to the actual cash spent on those items for housing and furnishings that are not otherwise reimbursed by the church. The allowance cannot exceed the fair rental value of the furnishings and operation of the home plus utilities if not provided by the church.

In all cases the burden of proof to the IRS is on the individual taxpayer and the request to adjust compensation to accommodate this tax code (Section 107) and the amount involved is the sole decision of the cleric. Vestries should honor the request and properly document their minutes as shown below:

Model Resolutions for Clergy Parsonage Allowance

A. Cleric lives in his/her own house

Resolution of the Vestry Meeting of 12/10/14: Whereas the Rev. Paxton Quigley is employed as a minister of the Gospel by St. Swithin's Episcopal Church, Metropolis, CT, which does not provide a residence for him, the vestry resolves that of the total compensation of \$90,000 (Note: this figure should contain salary, housing and social security allowance) to be paid to the Rev. Quigley during 2015, that \$36,000 be designated a parsonage allowance within the meaning of that term as used in Section 107 of the IRS Code of 1986 as amended, but in any event until further notice the parsonage allowance shall be \$3,000.00 per month.

B. Cleric lives in a rectory/vicarage provided by the church

Resolution of the Vestry Meeting of 12/10/14: Whereas the Rev. Abigail Quigley is employed as a minister of the Gospel by St. Swithin's Episcopal Church, Metropolis, CT, which although providing a residence for her does not provide the full cost of maintaining and furnishing such a residence, the vestry resolves that of the total compensation of \$54,200 (Note: this figure should contain cash salary, social security allowance, and housing equity if applicable) to be paid to the Rev. Quigley during 2015, that \$7,200 be designated a parsonage allowance within the meaning of that term as used in Section 107 of the IRS Code of 1986 as amended, but in any event until further notice the parsonage allowance shall be \$600.00 per month.

Detailed records must be kept by the cleric to substantiate the allowances. Unused allowances are fully IRS taxable. The full allowance is taxable for self-employment (SE) taxes. Information on this matter and other tax issues is available from the Church Pension Fund.

C. Professional/Travel Expense Allowance

In all cases the burden of proof to the IRS is on the individual taxpayer and the request to adjust compensation to accommodate this tax code (Section 107) and the amount involved is the sole decision of the cleric within the guidelines outlined above. Vestries should honor the request and properly document their minutes.

Based on a resolution passed by Convention, parishes should provide adequate monies in the budget to reimburse clergy for documented business travel. The IRS business travel reimbursement (currently **\$.056 per mile**) should be the basis for this reimbursement. Clergy are encouraged to have their vestries adopt accountable plans for both of these expenses as directed by the cleric. Every parish should have a resolution concerning travel reimbursement in their permanent records.

5. PAYROLL

To obtain information about the **EPISCOPAL PAYROLL SERVICES** program, you may contact:

Patricia Tucker
The Episcopal Payroll Services
Phone: 1-800-223-6602 X6286
Website: www.cpg.org/eps
Email: ptucker@cp.org

You are encouraged to use either the Paychex or ADP service or one of many similar payroll processing vendors. Please make sure, however, that the payroll service you choose understands the intricacies and complexities of clergy compensation packages.

ELECTRONIC TAX DEPOSITS – FEDERAL Federal tax deposit must be made by electronic funds transfer. For 2015 information go to www.irs.gov and Publication 15 – Circular E, Employer's Tax Guide. Section 11 is titled "Depositing Taxes", and on page 25 are instructions on "How to Deposit" and the "Electronic Deposit Requirement".

ELECTRONIC TAX DEPOSITS (EFT) – STATE Each year, the Connecticut Department of Revenue Services (DRS) reviews each employer's Connecticut withholding tax liability. DRS notifies employers who meet the electronic funds transfer (EFT) threshold of their requirement to pay withholding tax by EFT. Employers must continue to pay by EFT until DRS notifies them that they are no longer required to do so. Employers whose annual wage withholding tax liability exceeds \$2,000 for the 12 month period ending on the June 30 immediately preceding the quarterly period for which the requirement to pay by EFT is established, and who are notified by DRS to pay Connecticut withholding tax by EFT, must pay that tax by EFT. Go to www.ct.gov/drs for more information and to obtain a copy of "Circular CT- Employer's Tax Guide to Withholding". Information about electronic filing of forms and withholding for employees in civil unions can also be found in this circular.

Connecticut Department of Labor (DL) also offers electronic filing and payment options for unemployment tax. Electronic filing of DL returns is required if an employer has 250 or more employees in Connecticut. New hire reporting can also be done electronically. For more information you can refer to "An Employer's Guide to Unemployment Compensation" at <http://www.ctdol.state.ct.us/uitax/empl-guide.pdf>. Pages 8-9 of this guide provide guidance for religious organization which choose not to participate in providing unemployment compensation to their employees. However, **employers who are not liable to pay unemployment insurance taxes must notify their employees** (page 10 of the guide). Any employer that is not liable under the law to pay unemployment insurance taxes and has not accepted voluntary liability must notify, in writing, anyone it employs that it is not subject to the provisions of this chapter. It is recommended that if this choice is made that it is clearly stated in the offer of employment and is acknowledged by the employee's signature on the document.

6. 2015 CHURCH PENSION FUND FORMULA

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The Church Pension Fund for Clergy requires by Canon that every church unit must pay a pension assessment on behalf of its clergy based on the compensation package. This applies to full-time, part-time, supply or interim work or consultant work that continues for at least three months and where the stipend is at least \$200 per month for other than reimbursement of travel expenses. The formula for calculating the pension assessment follows:

Clergy living in Church Provided Housing

$$[(\text{Cash Salary} + \text{Utilities in the provided housing} + \text{Social Security Allowance}) \times 130\% + \text{Housing Equity Allow (if paid)}] \times 18\% = \text{Pension Assessment}$$

Clergy living in Personally Owned or Rented Housing

$$[\text{Salary} + \text{Housing and Utility Allowance} + \text{Social Security Allowance}] \times 18\% = \text{Pension Assessment}$$

In completing the Pension Fund Assessment forms for the new year, report Housing Equity Allowance as instructed.

Important Notes: Church Pension contribution errors can only be corrected for the two prior years. If there have been errors in your contribution calculations, corrections should be made with the fourth quarter billing for 2014 or no later than the first quarter billing in 2015. Pension assessments that are in arrears severely curtail the benefits of the potential pension recipient. Please make sure that all payments are current.

All clergy receive a current report in July of each year. Please have them review the report for accuracy and correction if necessary. The Pension Fund office can assist in special cases where contributions can be made by clerics beyond the formulae set forth in order to catch-up on past gaps in compensation and/or to meet minimum standards for credited service. Call the Church Pension Fund office as listed below to pose those questions.

- A helpful booklet that outlines the Church Pension Fund and its various benefits is available by request from the Church Pension Fund Office in New York (1-800-223-6602 toll free) or as a pdf file from their web site at: <https://www.cpg.org/administrators/retirement/pensions-clergy/overview/>

7. VOCATIONAL DEACONS GUIDELINES

Vocational Deacons receive travel/expense allowance and continuing education. Contact Bishop Ahrens' office at 203-639-3501, ext. 109 with any questions.

EXPENSE REIMBURSEMENT The deacon's service in the church is traditionally non-stipendiary. However, the church should reimburse all expenses associated with the deacon's ministry in the church. This reimbursement includes mileage (at the current approved rate) relating to pastoral care and other church activities, conferences, retreats, continuing education, excepting commuting from home to church. Expenses for books, program and presentation materials related to the ministry; all telephone, postage, and supply expenses should be reimbursed, as should continuing education fees and expenses at the rate in effect for clergy reimbursement. Fees and expenses for our Annual Convention, conferences, and retreats should be reimbursed as well.

PENSION ASSESSMENTS When deacons are employed in stipendiary positions in the Episcopal Church or in qualified Episcopal Church agencies, assessments must be paid by the employing church/agency to the Church Pension Fund (CPF) in accordance with the CPF formulae and regulations for ordained clergy.

B. INSURANCE

8. GLMD RATES AND COVERAGES FOR 2015

EMPLOYEE CONTRIBUTIONS TOWARD MEDICAL INSURANCE A resolution passed at our Annual Convention authorized the Bishops and Diocesan Executive Council (BDEC) to set the minimum amount parishes must pay towards employee medical insurance premiums. At their March 7, 2012 meeting, the Executive Council set the minimum parish contribution to the cost of medical insurance at 85% for employees regularly scheduled to work 1,500 hours or more per year. Parishes that do not currently have employee contributions toward medical insurance and wishing to make such a change must ensure that any policy is approved by the vestry and communicated to employees. All letters of agreement for clergy must reflect the employee contribution toward medical insurance, if any. Revisions to any clergy letters of agreement for changes in medical insurance should be process through the office of the Canon for Mission Leadership.

IMPLEMENTATION OF PARITY PROVISION FOR LAY EMPLOYEE The General Convention of the Episcopal Church voted to implement a Denominational Health Plan (DHP) that mandated parity in medical insurance coverage for clergy and full-time (regularly scheduled to work 1500 hours or more per year) lay employees of all Episcopal churches and related entities. The effective date for parity to be in place is currently as of effective January 1, 2015. By this date lay employees regularly scheduled to work 1500 hours or more per year must be offered the same medical coverage as clergy with the same employee contributions.

MEDICAL PLANS BEING OFFERED EFFECTIVE 1/1/2015 For 2015, your Insurance Board offers three medical insurance plans 1) United Healthcare Choice Plus PPO 80/60, 2) CIGNA Open Access Plus-In Network and 3) CIGNA High Deductible/HSA Plan (HDHP) **Note:** Vestries should make a decision on whether or not the parish will make an employer contribution into an HSA for employees who select the HDHP plan prior to the start of Open Enrollment in late October so that the employee can make an informed decision regarding their plan selections.

PREMIUM CHANGES For budgeting purposes, the 2014 premiums are as noted below for the plans currently being offered. These rates represent an increase of approximately 2.5% for each of these plans. Please bear in mind that although there are differences in premiums for these three plans, the Insurance Board has determined that the choice of medical plan is the employee's choice, not the parish's choice, and the parish will pay for the same percentage of whichever plan is selected by the employee as they would have paid if the premiums were the same. Please note that the medical insurance will be billed directly to the parish by Church Medical Trust (ECCEBT). Dental and life insurance premiums will continue to be payable on a monthly basis to the Episcopal Church in Connecticut. Please see Section 26 concerning invoicing and recurring payment for these premiums in 2015.

2015 PACKAGE PREMIUMS

	Medical			Life (\$75K)	2015 Total Life, Medical & Dental			
	<u>CIGNA High Deductible / HSA</u>	<u>United Healthcare Choice Plus 80/60</u>	<u>CIGNA Open Access Plus In- Network</u>		<u>CIGNA High Deductible / HSA</u>	<u>United Healthcare Choice Plus 80/60</u>	<u>CIGNA Open Access Plus In- Network</u>	
FAMILY	\$19,860	\$26,244	\$30,108	\$2,820	\$672	\$23,424	\$29,808	\$33.672

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TWO PERSON	\$12,768	\$16,872	\$19,356	\$2,088	\$672	\$15,300	\$19,404	\$21,888
				1,860				
SINGLE	\$7,092	\$9,372	\$10,752	\$1,044	\$672	\$8,796	\$11,076	\$12,456
				32				

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IMPORTANT RULE: Access to the GLMD program is only on the 1st of each month. Pro-rated entry or departure is not possible. When writing Letters of Agreement for employment, plan for enrollment to begin on the 1st day of the month following the date of hire unless the person actually begins employment on the first day of the month and Matt Handi at the Episcopal Church in Connecticut (at 203-639-3501, ext. 107) has been provided properly completed forms for enrollment prior to the start date. This may require COBRA or Extension of Coverage benefits from a prior plan to ensure continuity of coverage. All changes must be in writing.

2015 OPEN ENROLLMENT Open enrollment for active employees will occur from 10/31/14 – 11/21/14. Current participants will be sent instructions regarding how to make their plan selections.

TAXATION OF DOMESTIC PARTNERS INSURANCE A reminder that the fair market value of a domestic partner's insurance coverage is to be included in the employee's W-2 income that is subject to federal, state and FICA withholding and SE tax where applicable. Please refer to IRS Code 152 (a) (1) through (8).

TAXATION OF INSURANCE FOR SAME SEX COUPLES LEGALLY MARRIED UNDER STATE LAW (does not include domestic partnerships or civil unions) In August 2013, the IRS released Revenue Ruling 2013-17 which provides guidance on how the IRS will treat same sex marriages based upon the Supreme Court's ruling on the Defense of Marriage Act. Essentially this means that federal tax marital status is based upon the laws of the state where the marriage was celebrated and not the state in which the couple resides. A link to the IRS's FAQs on this ruling can be found at <http://www.irs.gov/uac/Answers-to-Frequently-Asked-Questions-for-Same-Sex-Married-Couples>. For further questions, contact Matt Handi at the Episcopal Church in Connecticut (at 203-639-3501, ext. 107).

SECTION 105, 106, OR SECTION 125 MEDICAL EXPENSE REIMBURSEMENT PLANS

Section 105: It is possible under current Tax Code to set up an accountable-type plan from which non-reimbursed medical expenses, i.e. those not reimbursed by the employee's insurance plan, can be reimbursed from an amount set aside by the employer at the beginning of the tax year for all employees in the same class (e.g. all full-time employees or all who work over a certain number of hours, etc.).

Section 106: pertains to medical premium reimbursements only. Original documented expenses are submitted for payment during the year, and are paid to the extent of the amount set aside in the plan.

Section 125: Likewise a Section 125 Plan can be established as a salary reduction plan to accommodate out-of-pocket medical expenses as well as dependent care expenses. Parishes with employees who have at least part of their healthcare insurance benefits paid through payroll deduction need to be aware of new legislation recently enacted in the State of Connecticut. Employers must provide employees with the ability to exclude from their gross income, for state or federal income taxes, the amount of healthcare insurance benefits which are payroll deducted.

It is possible for employees to establish a Section 125 Flexible Spending Account (FSA) plan which allows them to reduce their taxable income on the W-2 for qualified medical and dependent care costs. With an FSA account, employees can receive reimbursement for certain medical costs not covered by the medical insurance plans (i.e. copays) on a pre-tax basis. These plans must be used with care as the balance in the account at the end of the year is forfeited to the employer. Since explicit records are mandated, it is required that the program be administered by a third party (payroll company, CPA or Insurance Company). The Episcopal Church in Connecticut has identified a third party administrator which can administer this type of plan on a parish by parish basis at a reduced rate.

Employees who select a High Deductible Health Plan ("HDHP") are entitled to open a Health Savings Account ("HSA") – a tax-advantaged account that can be used to cover qualified out-of-pocket medical

expenses. HSA holders can also elect to allow funds grow in their accounts over time to be a financing source for future healthcare expenses. Unlike FSAs, HSA balances roll over from one year to the next with no loss of principal. In addition, HSA balances belong to the employee and are "portable" if the employee changes employers. A fact sheet concerning HDHPs and HSAs can be found at <https://www.cpg.org/linkservid/67341BFD-D150-3AAC-415209243E0B01A2/showMeta/0/?label=HDHP%2FHSA%20Fact%20Sheet%20for%20Members%202013-2014>

Further details on FSAs and HSAs are available by contacting Matt Handi at the Episcopal Church in Connecticut (at 203 639-3501, ext. 107).

9. **ESTIMATED PROPERTY AND LIABILITY INSURANCE RATES FOR 2015 (1% INCREASE)**

For 2015, premium increases should be much lower than in recent years. We suggest budgeting for a 1% increase in your parish's property and casualty insurance expenses. Final underwriting analysis for the 2015 renewal will not be completed until late December 2014.

AUDITS Since most embezzlements are either prevented or easily and promptly detected by good audit practices, parish audits in accordance with the canons are required and need timely completion. Our underwriters will continue to ask for audit information directly from the parish. Please complete your audits as quickly as possible in accordance with guidelines referenced below. Failure to have audits submitted by the canonically required deadline of September 1st may void coverage at the time of a claim submission. There have been 32 embezzlements in the past 31 years. Audits are essential for good fiduciary management! Please note that instructions regarding the audit procedures to be implemented for the year 2013 audits, which were due on September 1, 2014, are available on the website of the Episcopal Church in Connecticut at <https://www.episcopalct.org/FileRepository/>.

INSURANCE Clergy who live in church-owned housing must purchase Tenant's Homeowners Coverage (Renter's Insurance) to cover their personal property and personal liability. This is not provided nor has it ever been provided by current or past insurance programs of the Episcopal Church in Connecticut (except for clergy personal effects, i.e. robes, communion kits, lectionaries, prayer books, etc.).

PASSENGER VANS The federal government has admonished users of institutions including churches of the very serious safety issues regarding the use of 14-15 passenger (truck-type) vans. Many of our parishes use these for transporting young persons to youth events and for bringing older persons to church functions. It should be noted that these vehicles are designed to carry cargo but are cosmetically re-designed to carry people. "Rollover" rates are 3 times greater with 10 or more occupants and 7 times greater with more than 15 occupants and even greater when cargo/luggage is added to the occupant mix. The National Highway Traffic Safety Administration (NHTSA) has a pamphlet signaling the inherent risks in using these vans. The brochure is available online at <http://www.nhtsa.gov/CA/10-14-2010> and should be reviewed by all entities that use these vehicles. These vans are simply not safe modes of transportation for anyone young or old. It is our advice to replace these vans as soon as possible with 7 passenger mini-vans as an alternative mode of mass transit if such transportation is deemed necessary for your location. Short-term rentals of mini-vans for specific events are often the most economical solution.

BUILDERS RISK INSURANCE QUESTIONNAIRE Please make use of the proper form from your Insurance Information packet for obtaining Builders Risk Insurance when your parish has entered upon a building addition or renovation project. The form should be completed and forwarded to Suzanne Stanley at Willis in Boston before construction starts.

IN-TRANSIT COVERAGE To obtain in-transit coverage above the sub-limit of \$500,000, please report fine arts and other insured personal property, including organs in excess of that value, to Willis.

FIRE PROTECTION ALARM/PROTECTION SYSTEM SUBSIDY We strongly encourage parishes to equip all buildings with central station, early fire detection systems. Your Insurance Board offers a financial

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incentive plan (one-half of the total system cost up to a maximum grant of \$2,500) to assist parishes with the installation costs of this equipment plus other related protection devices. Please make this matter a priority at your parish and take advantage of the subsidy offer!

RENEWAL QUESTIONNAIRE Under separate cover, an Insurance Questionnaire form has been sent out to each parish and **must be completed and returned ASAP**. The information included in this questionnaire is essential to obtaining quotes. When the form arrives, please make sure your form is completed and returned to Willis of Massachusetts as indicated. Please note that there are several questions regarding church activities on and off the premises that must be answered for the underwriters. The information from these questionnaires is an essential part of the quote process and is essential to ensuring that parish's only pay for insurance that is needed. As parish programs change, risks change and this form is the only way we have of obtaining this information from the parishes. If you need a copy of the form it is available on the website of the Episcopal Church in Connecticut at <https://www.episcopalct.org/FileRepository/> ("20XX Insurance (property/casualty) Renewal Questionnaire" in the "Administration, Operations, Finance" section of the File Repository).

CHURCH BUILDING USE (CERTIFICATE OF INSURANCE) Users (tenants) of church buildings who are not parish-sponsored must provide certificates of insurance indemnifying the church/bishop and the Episcopal Church in Connecticut for the building use. This is extremely important, especially where there are nursery and day care tenants. Exceptions to this mandate are Boy Scout and Girl Scout troops who are covered under a blanket policy which covers all locations and Twelve Step Programs (AA, NA, etc.) which are extensions of the rector/vicar's ministry. Call the insurance office at Willis (1-800-343-2896) if you have questions.

CERTIFICATES OF INSURANCE Requests for Certificates of Insurance for parish events, protection of leased equipment, etc. can be obtained from Willis by using their website <https://www.intellicerts.com> or calling the toll free Certificate Number (1-877-945-7378) or faxing the info to Willis @ 1-888-467-2378.

10. LONG AND SHORT TERM DISABILITY INSURANCE

The Church Pension Group has provisions in the clergy pension plan for both short and long term disability benefits. A long-term benefit requires that a priest must resign his or her job before receiving benefits that are calculated on a modification of their retirement benefits. The short-term disability benefit plan provides for up to one year of benefits at 70% of the current compensation package. This benefit allows the priest to stay employed at the parish without undue fiscal impact to either cleric or parish. Details are available through the Church Pension Group.

Short and long term disability insurance for lay employees is also available through the Church Pension Group. You can contact them at 1-800-223-6602 or go to their website at <https://www.cpg.org/administrators/insurance/disability/overview/> to access that information.

C. INVESTMENT INFORMATION

11. EPISCOPAL INVESTMENT FUNDS/

Earlier this year, the Trustees of D&B selected U.S. Trust, a subsidiary of Bank of America, to act as investment manager, shareholder service provider and disbursement agent for D&B funds. With the exclusion of certain Social Responsibility investments that will mature in 2015, all D&B investments were transferred to U.S. Trust in late August and early September of this year. This change was made to reduce management fees and to centralize D&B investment and custody services with a single service provider.

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Some of the reduction in D&B management fees results from simplification and standardization of funds management processes. As a result, parishes with D&B holdings will experience several changes in the way they manage and track their D&B holdings:

- U.S. Trust will combine all invested assets into a single balanced return investment pool. U.S. Trust will generally deploy these assets in keeping with a 60% equities/40% fixed income securities allocation specified by D&B trustees, but will shift asset allocation over the business cycle in order to increase total returns. U.S. Trust will underweight or overweight investment allocation within asset sub-classifications (e.g., "Large Capitalization Growth" equities, "Investment Grade" fixed income securities, etc.) at different stages of the business cycle. This "active management" of asset allocation is a major source of U.S. Trust's investment management expertise. As a result, individual parishes participating in the D&B program will not be asked to specify the percentage of their holdings to be placed in equity or fixed income asset classes.
- Monthly statement from U.S. Trust will not reflect any balances your parish holds in Social Responsibility investments. The D&B office will provide you with a separate monthly report of the month-end balance and any trading for your Social Responsibility holdings.
 - The strategy for investing "Social Responsibility" holdings is undergoing a review.
 - When the final tranche of Social Responsibility investments mature (in March of 2015) and can be placed in new investment vehicles, D&B will recommend approaches towards that end.
 - Social Responsibility investments that have matured are being held in a sub-account in the U.S. Trust balanced return fund in the interim.

U.S. Trust will support the spending plan distribution schedules that are currently in effect for parishes participating in the D&B program. Note that we can reduce program management costs (and drive towards lower management fees over time) if we standardize and automate D&B disbursements. Please consider providing U.S. Trust with instructions for making direct deposits of D&B disbursements into your parish's operating checking account.

PARISH FUNDS REVIEW D&B Trustees encourage parishes to review the purpose of their various funds, record that information for permanent filing and where possible, consolidate as many of their funds as they can. Those parishes that have more than three temporarily restricted (quasi) endowment funds in Donations & Bequests may be billed a surcharge for the number of accounts in excess of three. There is no limit on permanently restricted (pure) endowment funds. Current prudent management and use guidelines as defined by UPMIFA (Uniform Prudent Management of Institutional Funds Act) are available as requested. Please use this as an opportunity to consolidate your funds into one general fund unless legal requirements of permanently restricted endowments mandate separate accounting. Many parishes have consolidated their accounts into one fund for which they provide internal division of the income through spreadsheet programs.

All requests for withdrawals or distribution changes should be made to Theresa Dupont, must be received by the 20th of the month, must be accompanied by a resolution of the vestry and two authorized signatures, and be submitted on the above-mentioned forms. Please note: Withdrawals and additions must be larger than \$500.00 to be processed. Amounts or requests below \$500.00 will be returned.

ADDITIONS, CHANGES, WITHDRAWALS AND TRANSFERS Transaction instructions must be made in writing. The form designed for this process can be accessed at the website below. The completed form should then be sent to the attention of Theresa DuPont by email (tdupont@episcopalct.org), fax (203-235-1008) or mail to The Commons, 290 Pratt Street, Box 52, Meriden, CT 06450. Please use the most current form found on the web site at <https://www.episcopalct.org/FileRepository/> ("D&B Request Form" under the "Donations and Bequests" section of the File Repository). If you have additional questions, please contact Theresa Dupont at The Episcopal Church in Connecticut (203-639-3501, ext. 125).

D. LAY PENSIONS

12. LAY EMPLOYEE PENSION MANDATE

The Resolution passed by the 1992 Annual Convention mandates that all lay employees, employed for one year, and who work 1000 hours (20 hours per week) annually will be participants in an employer provided defined benefit or defined contribution pension plan. Maximum parish cost for such a plan is 9%. Information on the plans available through the Church Pension Group and administered by Fidelity can be obtained by calling the Lay Pension division in New York at 1-800-223-6602 or going to their website at <https://www.cpg.org/active-lay-employees> or the Fidelity Management instructions sent with your periodic statements. If your lay employees are eligible, you must enroll them. An additional resolution voted at the 2009 General Convention mandated that all lay pension plans must be placed with the Church Pension Fund. **Note extension of time for schools only:** Schools have been given until 1/1/2018 to achieve the full employer contribution and match rates for defined contribution plans according to a specific year by year phase in schedule per the 2012 General Convention Resolution C042. The resolution defines schools as serving children of any age, thereby including pre-school, nursery and day care centers. More details on this resolution can be found at <https://www.cpg.org/active-lay-employees/retirement/pensions/lay-employee-pension-system/resolutions/>.

E. CHURCH RECORDS

13. AUDITS OF 2013 RECORDS

2013 audits were due in the Bishop's office by September 1, 2014. Filing the report online does not fulfill this requirement as that system is The Episcopal Church Center's system and not that of the Episcopal Church in Connecticut. A paper copy with the appropriate signatures must be submitted to the Episcopal Church in Connecticut for the report to be considered properly filed. Parishes and agencies whose audits are not received by September 30, 2014 will find any payments from the Episcopal Church in Connecticut that would have been due at that time held up until an acceptable audit is received. Please contact Karolyn Nicolaides (203-639-3501, ext. 134) if you are encountering delays in having your audit performed. The 2013 Audit reports must follow the instructions sent to all parishes earlier this year. These instructions and forms are also available on the website of the Episcopal Church in Connecticut at: <https://www.episcopalct.org/FileRepository/> (under the "Administration, Operations, Finance" section of the Forms Repository, see "Parish Financial Reporting Requirements Manual"). This section of the File Repository also contains other useful resources for managing your audit including a sample auditor engagement letter, an internal control questionnaire, a parish financial report format (with definitions and instructions) and a draft management letter from the auditor.

Note: The Finance Committee developed audit guidelines requiring agreed upon procedures for parish audits of parishes with operating budgets below \$500,000. Audit committees are no longer acceptable as auditors. Outside independent public accountants (IPA) or certified public accountants (CPA) must be utilized. All parishes with total income above \$500,000 must have a full examination GAAP/FASB compliant audit done annually – no exceptions. Tax preparers, bookkeeping services, and internal or external audit committees are not permitted. The following is a list of the most common deficiencies that were noted in management letters from parish audits and should be corrected ASAP:

- Accruing payrolls
- Booking realized, unrealized gains and losses on investments
- Bank reconciliation done by one person, usually the treasurer
- I-9s not on file
- Organized personnel records not readily accessible to anyone
- Second signatures on checks in excess of a stated dollar amount
- Regular computer backups and off-site storage of backup tapes

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Failure to provide all accounts for auditing especially clergy discretionary funds
 Failure to prepare and file Form 1096 and Forms 1099 for independent contractors

14. **PAROCHIAL REPORTS**

Parishes should submit Parochial Reports to The Episcopal Church (815 Second Avenue, New York, NY 10017) and to the Episcopal Church in Connecticut (290 Pratt Street, Box 52, Meriden, CT 06450, Attention Karolyn Nicolaidis) by April 1st, documenting membership, attendance, services, stewardship and financial information. Further information is available at: <http://www.episcopalchurch.org/page/parochial-report>. Note that Parochial Reports can be filed with the national church electronically at <http://pr.dfms.org>, but a copy should still be mailed to the Episcopal Church in Connecticut.

15. **PARISH CONTRIBUTIONS IN SUPPORT OF OUR COMMON WORK IN GOD'S MISSION**

A Resolution will be brought before our Annual Convention in October of 2014 to establish a required annual contribution level to the Episcopal Church in Connecticut from all parishes in support of our common work in God's mission. The Resolution proposes that this contribution should be a minimum of 10% of operating revenues (line B of the parish Parochial Report). If this Resolution is approved by Convention, it might affect your parish's budget for 2015. If the Resolution does not pass, the recommended pledge will remain at 12.5%.

The Executive Council has asked that contributions to the support of our common work in God's mission should be made in equal monthly payments sent to The Commons at 290 Pratt Street, Box 52, Meriden, CT 06450. Please make payments before the 15th of each month. See also section 26, for information concerning invoicing and recurring payment for these contributions.

F. SUPPLY CLERGY

16. **CLERGY SUPPLY AND CONSULTANT RATES FOR 2015**

The following rates for 2014, 2015 and 2016 were approved by the Executive Council at their 9/7/13 meeting:

Supply Clergy	One Service:	\$175.00
	Two Services:	\$220.00
	One 8-Hour Day:	\$300.00
ECCT Consultants		\$195.00 Per Unit*

* A unit is a three to four hour time span.

In addition to the above rates, supply clergy and consultants are reimbursed for travel. The current reimbursement rate is \$0.56 per mile, consistent with the IRS business travel reimbursement rate (as presented at <http://www.irs.gov/2014-Standard-Mileage-Rates-for-Business,-Medical-and-Moving-Announced>). Mileage reimbursements for 2015 should conform to possible changes in the IRS mileage rate throughout the year as reported on the IRS website.

Church Pension Fund assessments are required of all parishes when the supply priest serves continuously for at least three (3) months and the stipend paid is at least \$200 per month (excluding travel reimbursements). Pension is calculated at 18% of the total accrued stipend for the time continuously served and remunerated.

G. TAX AND OTHER IRS INFORMATION

17. **CHARITABLE CONTRIBUTION SUBSTANTIATION**

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ALL CASH, CHECK, OR OTHER MONETARY GIFTS UNDER \$250 are tax deductible only if substantiated by 1) a bank record such as a cancelled check or transaction shown on a credit card statement showing the name of the donee and the date and amount of the contribution; or 2) a written communication from the charitable organization (parish) showing the name of the donee and the date and amount of the contribution. For payroll deductions, the taxpayer should retain a pay stub, and a W-2 wage statement form or other documentation from the employer showing the total withheld, along with the pledge card showing the name of the charity.

GIFTS OVER \$250 are tax deductible only if substantiated by a written communication from the charitable organization (parish) showing the name of the donee, date and amount of the contribution. The charity (parish) must inform the donor how to reduce his or her deduction if quid pro quo goods or services have been received. Computer generated or other printed pledge statements should contain proper language to protect the taxpayer/parishioner. For example: A parish dinner is held to raise money for a specific purpose; the donation for the dinner is \$50.00; the cost for the dinner is \$15.00; a statement/receipt must be given to the donor stating that the donation for tax purposes should be reduced by \$15.00 representing the value of the goods/services (meal) received. For standard pledge statements and other appropriate receipts, the following statement can be used as an example: "This receipt is the contemporaneous acknowledgment required by the Internal Revenue Code. Further and in accordance with Section 170(F) (8) (B), no goods or services were provided other than intangible religious benefits." The IRS is very firm on compliance with this code when auditing taxpayers. Making the acknowledgement a routine for any donations received by the parish will help accommodate and encourage good donor relationships.

18. IRS POLITICAL ACTIVITY

The IRS released IR-2007-87, an information letter warning charities not to become "involved in political campaign activities" during upcoming elections. As a result of an "upturn in politicking" by charities in 2004, the Service launched the "Political Activity Compliance Initiative (PACI)" to investigate claims that charities were involved in wrongdoing.

Generally, charities "may not endorse candidates, distribute statements for or against candidates, raise funds for or donate to candidates or become involved in any activity that would be either supportive or opposed to any candidate."

Link to the IRS website for more information at

[http://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/The-Restriction-of-Political-Campaign-Intervention-by-Section-501\(c\)\(3\)-Tax-Exempt-Organizations](http://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/The-Restriction-of-Political-Campaign-Intervention-by-Section-501(c)(3)-Tax-Exempt-Organizations)

and at: <http://www.irs.gov/Charities-&-Non-Profits/Churches-&-Religious-Organizations>.

19. UNRELATED BUSINESS INCOME TAX

The State of Connecticut and the Internal Revenue Service are carefully scrutinizing tax-exempt organizations such as churches for sources of taxable income. Unrelated trade or business is defined in the case of tax-exempt organizations as any trade or business, the conduct of which is not substantially related to the exercise or performance by an organization of its charitable, educational or other purpose (religious in the case of the parish exemption) constituting the basis for its exemption under 26 U.S.C. #501.

If you have any questions about how an activity of your parish might be treated, check with your auditor or the State or IRS Tax offices. A booklet outlining such tax liabilities (Tax Guide for Churches and Religious Organizations - IRS Publication 1828 (6-08)) is available from the IRS website at

<http://www.irs.gov/charities/churches/index.html>

20. SALES TAX EXEMPTION – STATE OF CT

The State of Connecticut Sales Tax exemption certificate #119 (CERT 119) must be used for any purchases made by parishes. The vendor will also require either a corporate check or credit card. Personal checks or cash over \$10.00 should not be accepted for exempt sales. CERT 119 is available online at: <http://www.ct.gov/drs/lib/drs/forms/2004forms/certificates/cert-119.pdf>

H. MISCELLANEOUS**21. TREASURERS' WORKSHOP**

A Treasurer's Workshop for new and returning treasurers will be incorporated with the March 21, 2015 Spring Training Day. Information will be announced in the Finance and Operations and General e-newsletters as information becomes available

22. CELLULAR PHONE TOWERS/ANTENNAS

In conjunction with the Standing Committee we have reviewed several requests for long term leases of steeple or tower space in parishes for cellular phone or beeper transmission use. The companies offering to lease these sites are unyielding in their lease terms, which do not adequately protect parish liability nor provide a means for escape from the long-term lease if necessary. We recommend that you avoid these relationships and remind you that all such encumbrances must be brought before the standing committee for approval. Please call or email Audrey Scanlan (860-233-4481 ext. 115, ascanlan@episcopalct.org) for more detailed information.

23. EMPLOYEES AND RELIGION

Except in cases of spiritual hiring, employers must respect and allow employees to express their religious views (even though they might not be those of the employer) in the workplace. There are several rules which govern this permissiveness – but common sense should prevail if this issue arises in your setting.

24. MANUAL OF BUSINESS METHODS IN CHURCH AFFAIRS

The Manual of Business Methods in Church Affairs is available on-line. Go to <http://www.episcopalchurch.org/page/manual-business-methods> and double click on the description to open a copy of the manual. Once the manual appears on the screen you can save a copy on your computer for future reference. It is recommended to each treasurer/parish as a very useful reference.

25. PARISH BROKERAGE ACCOUNT FOR STOCK TRANSACTIONS

The Episcopal Church in Connecticut is only accepting stock donations as contributions in support of our common work in God's mission, for Camp Washington and for the Bishops Fund for Children. **We advise parishes to open their own brokerage account if needed** to transact stock transfers from donors and convert them to cash for parish disposition as we discontinued processing of parish stock donation transfers in September 30, 2008. Vestry approval should be obtained to authorize the establishment of such an account and to designate those individuals with authority to make transactions for the account. This is a tool to encourage pledge payments for the annual pledge appeal, for capital fund payments and for **planned** gifts.

26. ELECTRONIC INFORMATION AND FORMS

Save time in submitting forms for a variety of administrative requests and required submissions by first searching online in the Forms and Publications – File Repository of our website at <http://www.episcopalct.org/FileRepository/> Many documents can be found there, including this Treasurer's Newsletter. Other forms and publications will be added to this repository over time.

27. INVOICING AND RECURRING BILL PAYMENT SERVICE

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The invoices we send to most parishes do not change from month to month. As a result, parishes that pay vendors via their banks' online bill payment service could set up a monthly recurring payment for the year with the amount of their January invoice and never have to make alterations in their payment instructions until the following year. We encourage parishes to establish the Episcopal Church in Connecticut as a payee on their bank's bill payment service with recurring monthly payment instructions as a time-saving arrangement for parishes and for us. Please enter your three digit parish number (which appears after your church name in the address line and in the "Customer ID" field in the body of your invoice as your account number when setting up The Episcopal Church in Connecticut as a payee on your bank's bill payment service.

Insurance coverage for parish staff members changes periodically (due to marriage, birth or adoption of a first child, termination of employment, etc.), triggering a change in the parish's monthly payment obligation **once we are informed of employment and life event changes**. We will respond promptly to your communication of changes in insurance coverage with a revised payment invoice. Please note: until the Church Medical Trust and we are informed about employment terminations, previous coverage will remain in effect as will the parish's obligation to pay for this coverage.

**IF YOU HAVE ANY QUESTIONS ABOUT THIS NEWSLETTER OR OTHER MATTERS
PLEASE CONTACT THE CANON FOR MISSION FINANCE AND OPERATIONS AT THE EPISCOPAL CHURCH
IN CONNECTICUT, 203-639-3501, EXT. 123.**

APPENDIX "A" TO SEPTEMBER 2014 TREASURERS' NEWSLETTER
SAMPLE COMPENSATION PACKAGE COMPUTATIONS - 2015

Abbreviations used:

Cash = Cash Salary SSA = Social Security Allowance Hsg = Housing/Utility Allowance
Utils = Utilities Allowance or cost of utilities provided HEA = Housing Equity Allowance
Pens = Church Pension Fund Assessment Fact = Calculation Factor from Page 3 of this newsletter

SAMPLE #1: Priest in Charge living in Church Owned Housing (Rectory, Vicarage, etc.)

ASSUMPTION: For the sample - priest with 18 years service since ordination to the Diaconate. Utilities in rectory = \$3,800 annually.

$$\begin{array}{r} \text{Salary} = \$41,754 + \$13,302 \text{ (18 years X \$739)} = \$55,056 \\ \text{Base} \quad + \quad \text{Annual increment} \quad = \quad \text{Cash} \end{array}$$

$$\begin{array}{r} \text{Social Security Allowance} = (\$55,056 + \$3,800) \text{ X } .1415 = \$8,328 \\ (\text{Cash} + \text{Utils}) \text{ X Factor} = \text{SSA} \end{array}$$

$$\begin{array}{r} \text{Housing Equity Allowance} = (\$55,056 + \$3,800 + \$8,328) \text{ X } .0390 = \$2,620 \\ (\text{Cash} + \text{Utils} + \text{SSA}) \text{ X Factor} = \text{HEA} \end{array}$$

$$\begin{array}{r} \text{Church Pension Fund} = [(\$55,056 + \$3,800 + \$8,328) \text{ X } 130\% + \$2,620] \text{ X } 18\% = \$16,334 \\ [(\text{Cash} + \text{Utils} + \text{SSA}) \text{ X } 130\% + \text{HEA}] \text{ X } 18\% = \text{Pens} \end{array}$$

Variations: If priest is ordained less than five years and does not receive a Housing Equity Allowance, drop the HEA calculation from the package and use the factor .1355 to calculate the Social Security Allowance.

SAMPLE #2: Priest owns his/her home and is paid a housing/utility allowance by the parish to support that housing.

ASSUMPTION: For the sample - priest with 20 years service since ordination to the Diaconate. Housing/Utility Allowance paid to priest is \$35,000 annually.

$$\begin{array}{r} \text{Salary} = \$56,532 \text{ (Top of Minimum)} \\ \text{Base for 20 years} = \text{Cash} \end{array}$$

$$\begin{array}{r} \text{Social Security Allowance} = (\$56,532 + 35,000) \text{ X } .1011 = \$9,254 \\ (\text{Cash} + \text{Hsg}) \text{ X Factor} = \text{SSA} \end{array}$$

$$\begin{array}{r} \text{Church Pension Fund} = (\$55,697 + \$35,000 + \$9,254) \text{ X } 18\% = \$18,141 \\ (\text{Cash} + \text{Hsg} + \text{SSA}) \text{ X } 18\% = \text{Pens} \end{array}$$

Variations: If priest is ordained more than five years and housing/utility allowance does not permit home ownership, add HEA calculation to the package (see above).