

Diocese of New Jersey Minimum Clergy Salary Schedule for January 2013 - December 2013  
PART TIME

ENTER IN BOX CREDITED SERVICE (CS) FROM PENSION FUND (1 to 20)

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CS values from 1-10 has an increase of 2.5% per year, YCS from 11 - 20 has an increase of 2% per year.

	A		B	C	D	E	F	G*	
	CASH STIPEND MINIUM PER WORK UNITS (WU)	CASH STIPEND MINIMUM x YCS	HOUSING COST OFFSET	Self-Employment Contributions Act (SECA) OFFSET Diocesan Min 50%	PENSION ASSESSMENT (Non-retired only) (IF NO RECTORY)	PROFESSIONAL EXPENSES	CONTINUING EDUCATION	INSURANCE COST OFFSET	TOTAL COMPENSATION PACKAGE
Active Clergy	2,983	2,983	Negotiated	[(A x WU) x 7.65%]	[(A x WU)+B+C) x 18%]	[(4500/12) x WU]	[(1117/12) x WU]	Negotiated	(A+B+C+D+E+F+G)
Retired Clergy	2,983	2,983	Negotiated	[(A x WU) x 7.65%]		[(4500/12) x WU]	[(1117/12) x WU]	Negotiated	(A+B+C+E+F+G)

\* AMOUNTS NOT REGULATED BY THE STANDING COMMISSION ON CLERGY COMEPENSATION. INSURANCE IS INCLUDED IN COMPLETE COMPENSATION PACKAGE

**Assumptions:** Sample calculations based on PART TIME EMPLOYMENT and the following:

- **Bold** values established by Diocesan Convention and cannot be decreased. All other numbers may vary due to negotiation, evaluation, usage or rates.
- Cash Stipend is the **minimum** required by the Diocesan Convention. The cleric & church are encouraged to negotiate compensation based on experience & job responsibilities.
- If a housing allowance is provided directly to the cleric, those amount must be added to Cash Stipend to calcuate the SECA offset.  $[(A \times WU) + B) \times 7.65\%$
- If a cleric is living in church provided housing and a housing equity amount is paid into a tax defered account on behalf of the cleric (such as a 403(b)), that amount is NOT included in the SECA offset calculation, but the Fair Rental Value of the church provided housing and the cost of utilities is used.  $[(A \times WU) + FRV + Utilities) \times 7.65\%$
- If the cleric is living in church provided housing, any housing equity amount and the cost of utilities (if paid by the church) must be included in the Pension Assessment calculation.  $[(((A \times WU) + B + C + Utilities) \times 1.3) \times 18\%]$
- Churches are encouraged to ensure that the cleric has adauquate Medical/Dental/Life Insurance. If Active Clergy has coverage offered by a spouse or partner, the church should help offset that coverage.
- If Retired Clergy has to pay for additional insurance coverage above retirement benefits, the church should help offset that cost.

## DEFINITIONS

**Active clergy:** Under age 72 and not claiming retirement benefits from the Church Pension Fund. Active cleric is entitled to have a Pension Assessment paid by the church he/she works for.

**Retired clergy:** Receiving retirement benefits from the Church Pension Fund. Clerics are allowed to make up to \$35,500 total compensation a year and still receive full Pension benefits.

Total compensation includes any housing (e.g. rectory) and/or utilities paid for by the church. For all rules regarding retirement compensation, please go to [www.cpg.org](http://www.cpg.org)

**“Work Unit” (WU):** A block of time noted as morning, afternoon, evening - usually 2½ to 4 hours in length. A ¾ time position is equal to 9 work units, a ½ time position is equal to 6 work units, a ¼ time position is equal to 3 work units.

**Credited Service (CS):** Provided by Church Pension Fund on the *Personal Information Summary*. This calculation offers clergy and congregations a metric for the minimum cash stipend based on experience.

The SCCC will enforce using this calculation through 20 YCS in order to allow clergy the option of various opportunities toward the end of their careers, though it can be used for the clergy person's entire career.

**Cash Stipend Minimum:** Amount is recommended by The Standing Commission on Clerical Compensation. It is 1/12 of the range of minimum salaries of the various clergy position categories.

**Pension Base:** The total of Cash Stipend, Social Security, Utilities, and Housing Allowance. (See Pension Base Definitions for further clarification.)

**Pension Assessment:** 18% of Pension Base (salary, housing allowance, Social Security Offset)

**Professional Expenses:** This minimum includes reimbursement for travel expenses for work related activities, functions, seminars, etc to maintain or improve work related skills; car mileage at IRS rates; professional journals and books related to work; hospitality and entertainment, vestments and clerical attire, etc.

**NOTE:** All items (books, computers, etc.) purchased with these monies belong to the church.

**Continuing Education:** This minimum amount may be applied to fees for work related workshops, seminars, classes and courses to maintain and improve work related skills.

**Housing Equity:** This minimum annual amount is designated at \$2,300 allocated when Rectory is provided. That money may be paid into a tax sheltered annuity or directly to the cleric (to put into a Roth IRA, for example), however the cleric is responsible for paying all taxes associated with that additional income.

**Insurance Premiums:** Group Health Insurance Rate (Medical, Dental, Life insurance). Short-term disability is provided and paid by the Church Pension Fund. Long term insurance is available and should be offered to clergy at the time of employment. Payment of LTD Insurance is a negotiated issue. Workers' Compensation Premiums are based on a total employed.

**NOTE A:** While Housing Allowance and Health Insurance are not required, it is recommended that clergy and congregations use prorated full-time minimums as a basis for those negotiations.

**NOTE B:** Churches are encouraged to consider having a Life Insurance policy for the cleric payable TO THE CHURCH in case of his/her unexpected death to cover loss of income during that time.

## **Pension Base Definitions** (Source: Church Pension Fund – Active Clergy Group)

*Cash Stipend* : yearly salary, bonuses, one-time cash payments, tuition paid for dependents, & any salary reduction used to fund an annuity, TSA (tax sheltered annuities), 403(b) plans, or RSVP (*Retirement Savings Program*).

*Social Security* : Any payments given to offset the cost for self employment taxes in accordance with Self-Employment Contributions Act (SECA) tax, which is the self-employed version of the FICA tax employees pay.

## **Clergy are considered employees for Federal Income Tax purposes, but as self-employed for Social Security purposes.**

If the clergy person chooses to "opt-out" of Social Security, the congregation is still obligated to pay its full portion of the SECA Offset, and clergy person takes responsibility for the tax liability.

*Utilities* : Amounts paid to the clergy or directly to suppliers on behalf of the clergy for utilities (including gas, water, sewer, electric, phone, etc.)

*Housing Allowances paid to the clergy:* \$16,000 with no rectory provided

*Housing Allowance if house is provided rent-free* : For pension purposes, the housing allowance will be assumed at 30% of the total cash stipend, Social Security and utilities.

*Housing Allowance if both housing meals are provided free of charge* then Housing Allowance will be assumed at 40% of the cash stipend, Social Security and utilities.

*Housing Allowance if house is provided rent free and in addition the priest also receives a cash housing allowance* : For pension purpose, the housing allowance will then be assumed at 30% of total of cash stipend, Social Security & utilities, plus the cash house allowance.



