

# Clergy Compensation and Benefits

## Terminology

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Vestries and Search Committees can misunderstand how clergy are paid in the Church because it is different than in the secular world. In addition, many may not understand all the costs of employing an individual. This paper is meant to define the various aspects of reimbursement for clergy in the Diocese of Western Louisiana and the Episcopal Church.

**Compensation:** Compensation consists of two items – Salary and Housing. This is, basically, the “take home” pay for clergy.

- a. **Salary** is the cash salary paid to the priest. The monthly salary is usually divided in two equal payments made on the 1<sup>st</sup> and 15<sup>th</sup> of the month. Example: monthly salary is \$4,000. Divided by 2, the salary is paid on the first and fifteen of the month in payments of \$2000 each.
- b. **Housing** is the amount given to the priest for the cost of providing a home. This is paid in one payment at the first of the month.
- c. **Housing may be supplied**—that is, church owned housing may replace a cash allowance. When a rectory is supplied, the vestry pays the utilities on the property. The value of supplied housing is 30% of the salary. The value of the property in any other manner does not apply.

**SECA:** The federal government has defined the ministry of clergy as self-employed. Therefore, clergy pay into FICA at the 13.3% rate as opposed to an employed person paying 7.65% and the employer paying 7.65% . A supplement paid by the vestry to the priest may be a part of the compensation package – usually 7.65% of the Salary and Housing.

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*The following are the costs of doing business and are not a part of the compensation for clergy, but are required by canon or policy.*

**Pension Base:** The vestry is required to make pension payments on the compensation plus SECA amount to the Church Pension Fund. The rate is 18%.

**Health Insurance:** Participation in the diocesan health care plan for the clergy family is required, unless an exception is made at the discretion of the Bishop of Western Louisiana. The vestry pays for this.

**Business Expenses:**

**Travel:** The vestry reimburses the priest for the cost of travel for parish and diocesan business. This usually includes reimbursing the priest for the cost of using a personal automobile at the federal income tax rate. A monthly lump sum may be negotiated in place of the per mile rate. The lease of an automobile may also be negotiated in place of the per mile rate. Travel to diocesan and deanery events are covered in this provision.

**Cell Phone:** The expectation is that the vestry will either provide a cell phone or the cost of a cell phone (or a portion thereof) for use in priestly ministry. The cell phone, unless by agreement, belongs to the vestry.

**Computer:** The congregation provides a computer and internet service for the priest. A lump sum monthly amount may be negotiated if the priest chooses to purchase and own a computer. The computer, unless by agreement, belongs to the vestry.

**Ministry Expenses:**

**Discretionary Fund:** A discretionary fund, for charitable purposes, will be established by the vestry. A regular accounting is made to the vestry and the funds are administered by the priest on behalf of the congregation. The funds are not for the personal use of the priest. All canons of the diocese and Episcopal Church shall be followed regarding discretionary funds.

**Liturgy Funds:** The vestry may provide funding for personal vestments, but this is negotiated at the implementation of the Letter of Agreement.

**Continuing Education:** The vestry shall provide annual funding to support the continuing education of the priest. Use of these funds is reported to the vestry, and may include the cost of books, materials, travel to events, tuition, etc. The minimum amount of this fund is set by diocesan policy or custom

**Diocesan Events:** Expenses for events at which the priest's presence is required are covered by the vestry, to include, but not limited to: diocesan convention, diocesan clergy events, deanery meetings, diocesan retreats, committee meetings and gatherings.