

IOANNES FRANCISCUS

Divina Miseratione et



Apostolicae Sedis Gratia

EPISCOPUS MARQUETTENSIS

DECREE

PROMULGATION OF THE REMUNERATION SCHEDULE & BENEFITS FOR PRIESTS

Following an ordinary review of the remuneration and benefit policies of the Diocese of Marquette, it was deemed opportune to update these policies.

Having heard the Presbyteral Council on February 27, 2018, after their review of the proposed policies and receiving a positive recommendation; it is my decision to establish this policy.

Therefore, in accord with canons 8 §2, 29, and 391 §1 I hereby decree and promulgate as particular law for the Diocese of Marquette the Remuneration Schedule and Benefits for Priests.

Any former remuneration and benefit policies of the Diocese of Marquette and any policy or particular law that is contrary to the Remuneration Schedule and Benefits for Priests is hereby repealed and abrogated.

The provisions of this decree shall become effective on July 1, 2018.

Given at the chancery in Marquette, Michigan this 7th day of March in the year 2018.

Most Reverend John F. Dierfler, STD, JCL
Bishop of Marquette

Very Reverend Daniel J. Moll, Chancellor

DIOCESE OF MARQUETTE
REMUNERATION SCHEDULE & BENEFITS FOR PRIESTS
 Fiscal Year **July 1, 2018 - June 30, 2019**

INTRODUCTION

The *Decree on the Ministry and Life of Priests (Presbyterorum Ordinis)* of the Second Vatican Council offers the following wisdom for priests' use of material things and his just remuneration:

- Priests deserve to receive an equitable remuneration. (cf., PO, 20)
- The faithful ... are truly obliged to see to it that they can provide what help is necessary for the honorable and worthy life of the priests. (cf., PO, 20)
- Bishops should draw up norms established for the decent support of priests. (PO, 20)
- Taking into account the nature of the office that they hold, the remuneration for priests should be fundamentally the same for all living in the same circumstances and should be in keeping with their status. (PO, 20)
- The remuneration should allow priests to assist those in need. (PO, 20)
- The remuneration should allow the priest to take a suitable/sufficient vacation each year. (PO, 20)
- Priests & bishops are to use the monies received for their adequate support and duties of their state and should be willing to donate whatever is left over to the good of the Church or to charitable works. (PO, 17)
- Priests, moreover, are invited to embrace voluntary poverty by which they are more manifestly conformed to Christ and become eager in the sacred ministry. For Christ, though he was rich, became poor on account of us, that by his need we might become rich. (PO, 17)
- Led by the Spirit of the Lord, who anointed the Savior and sent him to evangelize the poor, priests, therefore, and also bishops, should avoid everything which in any way could turn the poor away. (PO, 17)

POLICY

1. Salaries listed here for 2018-19 are for active priests and include an amount for the Social Security equivalent, for food expense and \$3,000 in lieu of Mass offerings. Therefore, all Mass offerings are to be entrusted to the parish/institution paying the priest's salary, including bination & trination offerings in accordance with Canon 951.

Movement to a higher salary rate takes effect in the first full month after the priest celebrates a pertinent ordination anniversary. For example, a priest who completes his 35th year of priesthood by reaching his 35th anniversary in mid-December would then, on January 1st, move to the salary bracket for priests ordained 36 to 40 years, being that he has begun his 36th year of priesthood.

Ordained	Pastor	Associate
0-5 years	\$32,504	\$32,045
6-10 years	\$32,958	\$32,294
11-15 years	\$33,410	\$32,542
16-20 years	\$33,862	\$32,791
21-25 years	\$34,321	\$33,039
26-30 years	\$34,764	\$33,289
31-35 years	\$35,215	\$33,536
36-40 years	\$35,687	\$33,784
41-45 years	\$36,141	\$34,033
46-50 years	\$36,582	\$34,282
51 + years	\$37,042	\$34,530

2. Priests Serving Outside the Diocese (e.g. Seminary Ministry, Military Archdiocese, etc.) receive salary and benefits in accordance with the agreement between the bishop and the entity to which the priest is assigned.

3. Priests in Full Time Non-Parochial Ministry within the Diocese receive a monthly salary and are usually assigned to a parish residence, where they are expected to participate regularly in the parish's liturgical life. That parish compensates the priest for such liturgical and pastoral service through a mutual agreement with the bishop and the pastor. The parish receives remuneration for the priest's housing from the diocesan department or agency served by the priest. Some priests in special ministry assignments (e.g. work in the diocesan curia, chaplaincies, retreat work. etc.) may be unable to assist at parishes.

4. Senior Priest Remuneration: Senior priests receive pension and benefits as established by the St. Joseph Association. See Section 6 of this policy regarding help-out remuneration for senior priests.

5. Offerings for Weddings and Funerals are presently \$50 and retained by the priest. He may not request more than the customary offering from the families or individuals, but may accept more if it is freely offered. No one may be denied such services because of an inability to make an offering. There is no recommended offering for Baptisms, but the priest may accept and retain such offerings, if freely offered.

6. Help-Out Fees for Senior Priests and for Priests from Outside of our Diocese: As illustrated on the chart below, in addition to **mileage reimbursement** at the current IRS-approved rate, **help-out** fees are paid to the senior priest or priest from outside of our diocese. **The help-out fee for weekends or Holy Days is \$50** per Mass, while the help-out fee for **weekday** Masses is **\$20** per Mass. The fee for **Sacrament of Penance sessions** is **\$20.00** for both **weekends and weekdays**.

One \$10.00 Mass offering for each day may be paid (e.g., one \$10 offering for a Saturday evening Mass, one for Sunday and one per weekday even though he may have offered additional Masses that day). The exception would be Christmas Day, when a senior priest or priest from outside of our diocese, may receive Mass offerings for all Masses he celebrates.

The parish or institution being assisted should provide housing and food for the assisting priest during his service and reimburse other expenses as well (e.g. ferry fares). *Although the above should be used for most priests from outside our diocese when they provide help-out ministry, please note that help-out remuneration is usually not required for priests representing organizations such as Cross Catholic Outreach, Unbound, Food for the Poor, etc.*

Help-Out Fees for Senior Priests and Priests from Outside of our Diocese	Amount	Check to
Mileage Reimbursement (Current IRS-approved rate) and other expenses	As reported	Priest
Help-out Fee per Mass (Weekends/Holy Days)	\$50	Priest
Help-out Fee per Mass (Weekdays)	\$20	Priest
Sacrament of Penance (For each scheduled session, Weekends or Weekdays)	\$20	Priest
Mass Offering (One offering for <i>each day</i> that a Mass or Masses are offered)	\$10	Priest
Mass Offering – Christmas Day (One offering for <i>each Mass</i> offered that day)	\$10	Priest

7. Help-Out Fees for Priests with an Assignment: As illustrated on the chart below, in addition to **mileage reimbursement** at the current IRS-approved rate, **help-out fees** are paid to the priest with an assignment. The help-out fee for **weekends or Holy Days** is **\$50.00** per Mass, while the help-out fee for **weekday Masses** is **\$20.00** per Mass. The fee for **Sacrament of Penance sessions** is **\$20.00** for both **weekends and weekdays**.

One \$10.00 Mass offering for each day may be paid (e.g., one \$10 offering for a Saturday evening Mass, one for Sunday and one per weekday even though he may have offered additional Masses that day). However, *no \$10.00 Mass offerings are paid to a priest of our diocese who has an assignment. Rather, they are paid to the parish/institution which pays his salary.*

The parish/institution should provide housing for help-out priests and reimburse other expenses (e.g. ferry fares). Although priests with assignments pay for their own food under normal circumstances, when help-out ministry takes him far from home the parish/institution he is assisting should have food available for him or may offer some financial assistance if it is necessary for the priest to dine at restaurants.

For a ‘floater’ priest – as designated by the bishop – help-out fees are paid to the diocese as the priest retains mileage and expense reimbursement. Certain circumstances – as specified by an agreement between the Vicar for Clergy and an associate pastor’s own pastor – may require that help-out fees be paid to the associate pastor’s parish when he provides help-out, while the associate pastor retains for himself mileage and expense reimbursement. The associate pastor will make this known when it applies to himself.

Help-Out Fees for Priests with an Assignment and designated ‘Floater’ Priests	Amount	Priest with an Assignment. Check goes to	Floater Priest. Check goes to
Mileage Reimbursement (current IRS-approved rate) and other expenses	As reported	Priest	Priest
Help-out Fee (Weekends/Holy Days)	\$50	Priest	Diocese
Help-out Fee (Weekdays)	\$20	Priest	Diocese
Sacrament of Penance (Weekends/Weekdays)	\$20	Priest	Diocese
Mass Offering (one for <i>each day</i> Masses offered)	\$10	Priest’s Parish	Diocese

8. Mileage Reimbursement for all ministry mileage, at the current IRS-approved rate, may be claimed by a priest who must submit a Priest Accountable Reimbursement Report to his respective parish/institution to which he is assigned or for which he is providing help-out ministry. "Ministry" mileage includes miles driven to conduct the work of the particular parish or diocesan assignment(s) such as spiritual and physical assistance to parishioners, hospital and prison ministry, parish administration, diocesan meetings, vicariate meetings or other ministerial mileage to and from the chancery (or other location as designated by the bishop or his delegate). By IRS rules, it cannot include personal matters such as meals out, entertainment, visiting relatives, travel to A.A. meetings, etc. A priest should seek the advice of his tax advisor regarding the handling of non-parish or non-diocesan related ministry expenses, such as out-of-parish weddings, funerals, etc. See *Item 9 (as shown below) for treatment of annual retreat mileage reimbursement.*

9. Annual Retreat Allowance is equivalent to the Marygrove Retreat Fee, which is \$300. Additional reimbursement of up to \$250 may be paid by the parish/institution for a priest's documented travel expenses to and from his retreat, whether it be for mileage reimbursement, air fare, etc.

10. Cell Phone Expense Reimbursement: Priests may be reimbursed up to \$30 per month by the parish/institution for a private cell phone used for ministry purposes and which allows access to the priest outside of normal working hours. Costs for private telephone lines apart from the common parish system are the responsibility of the individual priest.

11. Education Allowance may be claimed for continuing education and ongoing formation and is reimbursable up to a total of \$1,000. Expenses include materials, travel, meals and other actual expenses incurred, which are to be submitted to the parish/institution for reimbursement using the Priest Accountable Reimbursement Report.

12. Health, Dental, Short & Long-term Disability, Automobile Insurance and Contributions to the Priests' Pension Fund (a.k.a. the *St. Joseph Association*) are all provided by the parish/institution to which the priest is assigned. Automobile insurance is for the priest's primary automobile only.

13. Optional Vision & Life Insurance plans are offered through Michigan Catholic Conference (MCC). Priests should contact MCC for information and enrollment in these very affordable plans. These are the financial responsibility of the priest, who may arrange his premium payments by way of payroll deduction.

14. Physical, Dental & Vision Examination Allowance up to a total of \$150 is provided by the parish/institution for combined expenses actually incurred which are not covered by the health and dental insurance. Reimbursement is sought through the use of the Priest Accountable Reimbursement Report.

15. Days Off: Every priest is entitled to one day off every week for his rest and rejuvenation. It is permitted for him to be away from the parish/institution overnight. The day off should not be omitted except of necessity for serious reasons. Weekly days off may not be accumulated for use at a later time.

16. Vacation: Priests with diocesan assignments are entitled to one month of vacation annually, continuous or otherwise (Canons 283 §2, 533 §2, 550 §3). One month is considered to be 31 days, includes no more than four weekends, and is figured on the basis of the January 1st through December 31st calendar year. Vacation may not be carried over from year to the next. A priest who finds it necessary to be absent from his assignment for personal reasons beyond the 31 days or four weekends per year is responsible for the financial reimbursement to the parish or diocesan institution for the cost of his replacement. Such absence requires advance permission from the Bishop or Vicar for Clergy.

17. Personal Living Expenses are the responsibility of the priest. Expenses not directly related to priestly ministry, such as, but not limited to, cable TV above the basic level of service, any "paid" channels, costs associated with the feeding and care of pets, tobacco products and alcohol for their personal consumption (i.e. not associated with occasional entertaining for parish purposes), are the priest's responsibility.

18. Support Group and Spiritual Direction Allowance up to a total of \$500 may be used for mileage, meals, or materials which are directly associated with such pastoral support for the priest. The Priest Accountable Reimbursement Report must be submitted for actual expenses.

19. Moving Expenses may be charged to the parish/institution which the priest is leaving and are reimbursable for expenses actually incurred up to a total of \$500 per move. The Priest Accountable Reimbursement Report must be submitted for actual expenses.

20. Sabbatical Allowance is \$15,000 for sabbaticals approved by the Bishop. From this allowance, as provided by the diocese, the substitute priest is paid the equivalent of the salary of the priest on sabbatical.

21. Rectory and Parish Office Resources: Every parish or diocesan institution shall provide priests living in the common house with the ordinary amenities of room (e.g. basic furniture, laundry, telephone, etc.) or reimbursement for those amenities not provided. Each priest should have access to an office distinct from his living quarters for pastoral/spiritual counseling and instruction purposes. All priests should have access to at least minimal secretarial service in the exercise of their parish ministry.

22. Priestly Anniversary and Retirement Celebrations are the financial responsibility of the priest. The parish may host and pay for a modest reception after the Masses and offer a modest gift to the priest on the occasion of a significant anniversary of his ordination (e.g. 25th or 50th) or his retirement. The cost for a banquet or anything beyond this is the financial responsibility of the priest.

23. Bonuses are not to be provided for priests by their respective parish/institution. However, priests may accept monetary gifts from parishioners/others for holidays, their birthday, ordination anniversary, etc.

24. Live-In Replacement Priests in the absence of a pastor or associate pastor are allowed up to the equivalent of the pastor's or associate pastor's salary for the time of replacement.

25. Disability Remuneration: Priests who are unable to serve in any assignment due to illness and/or disability receive benefits provided by short-term and long-term disability insurance policies held by the diocese. If they do not qualify for the insurance, they receive sustenance and benefits through the St. Joseph Association equivalent to that of a senior priest on disability retirement.

26. Administrative Leave Remuneration: Priests who have been placed on administrative leave or who are otherwise unassigned or not on disability, receive sustenance from the diocese equivalent to that of a senior priest. If housing is provided, that amount is deducted from the payments for sustenance. The diocese will continue to offer health insurance, auto insurance and contribute to the St. Joseph Association fund for these priests. The place of residence may be specifically assigned to the priest by the Bishop. In this case, if the priest refuses to accept his assigned residence, he will forfeit his right to sustenance and will not receive insurance and contributions to the St. Joseph Association fund.

27. Leave of Absence Remuneration: Priests who are on an authorized leave of absence are to receive remuneration and benefits according to the document granting the leave. Priests who are on an unauthorized leave do not receive sustenance or contributions to the St. Joseph Association fund. If the priest refuses to accept his assigned residence he may forfeit his right to sustenance.

28. Federal, State and Social Security Taxes: Priest remuneration (salary) is reported on Form W-2. The IRS considers clergy *employees* for federal & state income tax purposes and *self-employed* for Social Security tax purposes. Thus, clergy compensation is treated differently than that paid to others. Clergy wages are exempt from mandatory withholding of federal, state and FICA tax, but clergy are not exempt from paying these taxes. Clergy must pay self-employment Social Security tax (SECA). They may voluntarily have income tax withheld from their pay by completing Form W-4 and indicating the amount of tax to be withheld. Income received by the priest in the form of W-2 Reportable Clergy Remuneration, is subject to self-employment tax. In addition, an amount equal to the fair rental value of rectory housing provided is taxable (see Section 29 of

this policy for more information). Self-employment income will be the net amount from Schedule "C" (offerings for weddings, funerals, help-out fees earned, etc., less directly related expenses) plus reportable parish remuneration (W-2 income) plus the value of housing. Self-employment tax is calculated on Schedule SE which is an accompanying schedule attached to the annual income tax filing Form 1040.

29. Fair Rental Value of the Parish-Provided Rectory: When preparing personal annual tax returns, it is recommended that priests consult with a realtor or utilize the MIT Living Wage calculator (<http://livingwage.mit.edu>) and use the information related to the county in which the parish is situated in order to determine taxable value of the housing received.

30. Accountable Reimbursement Plan (ARP): Each priest is eligible to participate in an Accountable Reimbursement Plan (ARP) if the parish has one. An ARP provides tax-free reimbursement to a priest and can simplify things for a priest concerning income tax preparation. An ARP must meet all four of the following criteria for reimbursements to be tax-free to a priest:

1. There must be a business (ministry) connection.
2. There must be proper substantiation (documentation of the expenses).
3. Excess amounts must be returned to the parish.
4. It must occur within a reasonable period of time (minimum of monthly expense reporting is recommended).

31. Record Keeping: Priests must maintain adequate records to substantiate expenses incurred. The evidence should be written and expenses should be maintained in an account book, diary, statement of expense or similar record. All documentary evidence, such as receipts, canceled checks, or bills should be retained to support each statement of expense. Evidence is considered adequate if it shows amount, date, place and purpose of the expense. Business meal evidence should also include names of attendees. Business miles should be documented showing the beginning and the ending odometer reading with a description of the business purpose of the trip (e.g., hospital visit). Records should be maintained for three years. Failure to maintain adequate records could result in the disallowance of the deduction in the event of an IRS audit.

For more information on Deductible Business Expenses, the appropriate IRS Publication has further details.

32. Commerce and Trade Restrictions: The obligations of Canon 286 forbid the practice of commerce and trade for priests, either personally or through another, for their own or another's benefit. Priests are also forbidden to undertake the administration of goods belonging to lay people, except with the permission of their Ordinary (Canon 285, §4). These canons refer to commerce or business performed for the purpose of gain or profit. An example would be if a priest were to own and operate a convenience store, touring business, rental properties, etc. *Presbyterorum Ordinis*, n. 17 describes theological foundations for this restriction.