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MEMORANDUM

TO: Priests and Bookkeepers
FROM: Lisa M. Kutas
DATE: January 15, 2020
RE: Priests' Compensation

Along with this memorandum, please find a copy of the 2019-2020 Priests' Remuneration schedule.

- 1) The base salary for the A schedule has been increased by 1.5% (NOTE: 2.3% is the cost of living increase reported by the Federal government). The B schedule is set at -\$3000 of the A schedule.
- 2) A Food Allowance of \$425/month is added to the priest's income to help offset the costs of his personal food expenses. This is considered taxable income under the IRS rules. Food reimbursements have been eliminated. An annual budget for business meals for the parish is done separately during the budgeting process and these reimbursements must be approved by the Finance Council Chair. If the parish is paying a cook and buying groceries, then the priest(s) who live there will not receive the food allowance.
- 3) A Car Allowance of \$275/month is added to the priest's income to help offset the costs of his travel. This is considered taxable income under the IRS rules. Mileage reimbursements have been eliminated from the priest remuneration schedule.
- 4) The monthly benefit amount for "room" is maintained at \$680 based on a ten county (diocesan) average of the fair market rental value of a one bedroom parsonage. The priest does not receive this amount; however he must report the fair market rental value as taxable income for his self-employment taxes. The amount of this benefit should be reported in box 14 of the priest's W-2.
- 5) By way of reminder, **the Diocese of Lansing requires that all priests should be in the Social Security system and should never opt out.** Payroll deductions for Social Security tax and Medicare tax are **NOT** permitted for priests. Priests are responsible for these tax liabilities as part of their self-employment status. Priests may increase their federal income tax withholdings to help offset this tax liability. Consult your tax advisor for further information.

Please refer any questions directly to me by phone 517-342-2511 or email at lkutas@dioceseoflansing.org.