

# Compensation and Benefits for Priests

Effective  
July 1, 2022



**Diocese of St. Petersburg**

*P.O. Box 40200  
St. Petersburg, FL 33743-0200  
(727) 344-1611  
[www.dosp.org](http://www.dosp.org)*

## **GENERAL GUIDELINES** **FOR COMPENSATION AND BENEFITS FOR PRIESTS**

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1. The IRS considers assigned priests to be employees and Form W-2 as the proper method for reporting priests' compensation.
2. Priests are treated as self-employed for Social Security tax purposes (only).
3. The priest's benefits are tax-free as an employee. Benefits provided to a priest providing services as an Independent Contractor are fully taxable as income.
4. Priests are exempt from payroll tax withholdings. However, priests must make quarterly Federal estimated tax payments to avoid interest and penalty assessments. A priest may request as an option that payroll taxes be withheld. Priests cannot have FICA payroll tax withheld because of the special status (see 2 above). They can have additional Federal Income Tax withheld to offset their self-employed tax liability.

### **Taxable Incomes:**

*The following are subject to Federal Income and Social Security Taxes whether the priest is an employee or independent contractor:*

- Salary including salary supplements
- Allowances paid to the priest including Auto, Auto Insurance, Tags and Licenses. Note: If these items are reimbursed based on appropriate documentation, they may qualify as non-taxable reimbursements. Please refer related questions to the Diocesan Finance Office.
- Stole fees and honoraria
- Mass Stipends and fees
- Professional fees
- All non-ministry-related earnings
- 401(k) and 403(b) withdrawals

*The following are subject to Federal Income Tax only:*

- Non-housing portion of pension benefits
- Housing allowance portion of pension benefit to the extent that it is not supported by documented housing costs
- Investment income

*The following are subject to Social Security Tax only:*

- Room and Board allowances paid to priests

### **References:**

*Diocesan Financial Guidelines, Policy XV.*

*Income Taxes for Priests Only, by Wayne Martin Lenell, CPA, Ph.D., National Federation of Priest Councils.*

## **INCARDINATED PRIESTS**

All salary, benefits, allowances and reimbursable expenses are to be paid by the institution to which the Priest is officially assigned.

### **SALARY (including auto expense)**

	<u>Per Annum</u>
Pastors/Parochial Administrators	\$ 39,338.00
Parochial Vicars	34,507.00
Supplement: <i>In Full Time Non-Parochial Assignment</i>	3,600.00

*NOTE: The annual salary for Pastors/Parochial Administrators and Parochial Vicars includes four (4) weeks' paid vacation.*

### **ALLOWANCES AND REIMBURSED EXPENSES**

Automobile Insurance	Actual cost to:	2,000.00
Automobile Tag and Driver's License		Actual Cost
Diocesan Convocation		Actual Cost
Private Retreats	Actual cost to:	1,000.00
Continuing Education*	Actual cost to:	1,750.00
Books, Periodicals, Internet, Phone*	Actual cost to:	1,000.00
Room and Board for Priests in Residence		8,000.00

*The parish offering hospitality shall be reimbursed by the Diocese or employing entity. Priests should be compensated for part-time ministry performed. An agreement shall be made between the host pastor and the priest in residence.*

*\*Remaining funds from Continuing Education and Book, Periodicals and Internet Expenses may be used toward the purchase of a computer once every three years.*

### **COST OF OTHER BENEFITS PROVIDED BY EMPLOYER**

#### Diocesan Health Plan – Presently Meritain/Aetna:

*Refer to Plan Booklet for Specific Benefits*

Clergy without Medicare coverage	\$ 17,460.00
Clergy with Medicare Parts A and B	9,348.00

#### Other Insurance:

Worker's Compensation	1% of salary
Group Life Insurance	\$ 96.00
Group Life—Retired	180.00

#### Pension Plan:

Premium	<u>Per Annum</u> \$ 20,400.00
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## PRIESTS FROM OTHER DIOCESES

All salary, benefits, allowances and reimbursable expenses are to be paid by the institution of employment.

### SALARY (including auto expense)

	<u>Per Annum</u>
Pastors/Parochial Administrators	\$ 39,338.00
Parochial Vicars	34,507.00
Supplement: <i>In Full Time Non-Parochial Assignment</i>	3,600.00

*NOTE: The annual salary for Pastors/Parochial Administrators and Parochial Vicars includes four (4) weeks' paid vacation.*

### ALLOWANCES and REIMBURSED EXPENSES

Automobile Insurance	Actual cost to:	2,000.00
Automobile Tag and Driver's License		Actual Cost
Diocesan Convocation		Actual Cost
Private Retreats	Actual cost to:	1,000.00
Continuing Education*	Actual cost to:	1,750.00
Books, Periodicals, Internet, Phone*	Actual cost to:	1,000.00
Room and Board for Priests in Residence		8,000.00

*The parish offering hospitality shall be reimbursed by the Diocese or employing entity. Priests should be compensated for part-time ministry performed. An agreement shall be made between the host pastor and the priest in residence.*

*\*Remaining funds from Continuing Education and Book, Periodicals and Internet Expenses may be used toward the purchase of a computer once every three years.*

### COST OF OTHER BENEFITS PROVIDED BY EMPLOYER

Diocesan Health Plan - Presently Meritain/Aetna:

*Refer to Plan Booklet for Specific Benefits*

Clergy without Medicare coverage	\$17,460.00
Clergy with Medicare Parts A and B	9,348.00

#### Other Insurance

Worker's Compensation	1% of salary
Group Life Insurance	\$ 96.00
Group Life—Retired	180.00

#### Pension Plan

Per Annum

*Priests from other Dioceses who participate in a "vested" pension/retirement plan with their Diocese will have the premium paid equal to the actual amount of the plan's premium up to the stated maximum. For priests without a retirement plan, parishes must make an annual contribution of \$5,750.00 to the Diocesan 401(k) plan.*

## RELIGIOUS PRIESTS IN PAROCHIAL ASSIGNMENTS

All salary, benefits, allowances and reimbursable expenses  
are to be paid by the institution of employment.

<b><u>SALARY (including auto expense)</u></b>	<i>Per Annum</i>
Pastors/Parochial Administrators	\$ 39,338.00
Parochial Vicars	34,507.00

*NOTE: The annual salary for Pastors/Parochial Administrators and Parochial Vicars includes four (4) weeks' paid vacation.*

### **ALLOWANCES & REIMBURSED EXPENSES**

Automobile Insurance	Actual cost to:	2,000.00
Automobile Tag and Driver's License		Actual Cost
Diocesan Convocation		Actual Cost
Private Retreats	Actual cost to:	1,000.00
Continuing Education*	Actual cost to:	1,750.00
Books, Periodicals, Internet, Phone*	Actual cost to:	1,000.00

*\*Remaining funds from Continuing Education and Book, Periodicals and Internet Expenses may be used toward the purchase of a computer once every three years.*

### **COST OF OTHER BENEFITS PROVIDED BY EMPLOYER**

Diocesan Health Plan – Presently Meritain/Aetna:

*Refer to Plan Booklet for Specific Benefits*

Clergy without Medicare coverage	\$ 17,460.00
Clergy with Medicare Parts A and B	9,348.00

*NOTE: This benefit is only for those religious priests who are on the Diocesan Health Plan. Otherwise, the employing entity will reimburse the religious institute for the employed priest's health insurance premiums.*

Worker's Compensation	1% of salary
Group Life Insurance	\$ 96.00
Group Life—Retired	180.00

Pension Plan *Per Annum*

*Paid to the Religious Institute or Apostolic Society up to the stated maximum.* \$ 7,200.00  
(max.)

# **PRIESTS' PENSION AND RETIREMENT**

## **Diocese of St. Petersburg Pension Plan**

Eligibility: All Incardinated priests and religious priests on assignment prior to 1985 are members of the plan.

Credited Service: Serving on Official Assignment at least six (6) months in a plan year (July 1 –June 30) equals one year of credited service.

Vesting: Five (5) or more credited years of service

Normal Retirement: Age 65 with 5 years Credited Service

*Note: Per current policy for the Diocese of St. Petersburg, the minimum recommended age for retirement of priests is age 70. At least 2 years' notice should be given prior to submitting retirement, unless it is for medical or other reasonable purposes. Canon Law recommends age 75 as the maximum age for submitting retirement [can. 538, §3].*

Annual Contribution: Per "Compensation & Benefits for Priest" Guidelines. Individual contributions to the plan are not permitted.

### **Priests on Assignment and Eligible for Other Qualified Pension Plans:**

Eligibility: Priests from other dioceses and religious priests on assignments in the Diocese of St. Petersburg with active pension plans with their diocese or religious order will have a contribution made to that pension plan.

Annual Contribution: Per "Compensation & Benefits for Priests" directly to the qualified plan to which the priest is a member.

### **Priests on Assignment Not Eligible for a Qualified Pension Plan:**

Priests on official assignment with the Diocese of St Petersburg who are not members of a qualified pension plan will be enrolled in the Diocesan 401(k) plan.

Annual Contribution: Per "Compensation & Benefits for Priest" Guidelines.

The first year's contribution to this account will be held by the employer until 12 months of service and then contributed as a one-time payment.

All contributions will be made as a payroll event. After the initial first year contribution has been invested to initiate an account, monthly contributions will be made by the employing entity.

Monthly contributions will be added to the salary of the priest and deducted as a contribution to the 401(k) account. Normal income reporting (W-2) processes will be followed, allowing the contributions to be tax-deferred.

Allocation of the invested funds within the account is the responsibility of the individual priest after consultation with their investment advisor.

Please refer all pension-related questions to Gabriel Roeder Smith & Company (954-527-1616) or our Diocesan Office of Retirement Services (727-374-0222).

## **POLICIES REGARDING RETIRED INCARDINATED PRIESTS**

1. Unless the incardinated priest has expressly waived this guarantee, the Diocese of St. Petersburg guarantees to any incardinated priest of the Diocese that upon retirement, the incardinated priest will receive from "pension sources" an amount at least equivalent to the retirement benefits being paid for 30 years credited service in the Diocese of St. Petersburg Pension Plan. "Pension sources" are understood to mean pensions being paid from the said Pension Plan, and from government or military sources (excluding Social Security), and from any other ecclesiastical or private sources. In other words, if there is a shortfall between what a priest receives from pension sources and the Pension Plan's benefit for 30 years credited service, the Diocese will send the priest, on a monthly basis, the amount of the shortfall.
  
2. The Diocese of St. Petersburg is committed to the care of all diocesan priests of this Diocese from the time of their ordination to the time of death. No incardinated priest of the Diocese of St. Petersburg will ever be left without care. For a retired incardinated priest who requires assisted living or nursing home care (at the St. John XXIII Residence, Bon Secours, Maria Manor or a similar nursing home or assisted living facility), the said priest will be responsible for all costs to the nursing home or place of residency. He would retain his pension(s), his social security benefits and savings/investments. If, at some point the priest becomes unable to continue monthly payments as verified by the facility, the Diocese of St. Petersburg will assume the monthly payments once he assigns his pension(s), (including those from another diocese, the military, a religious order or other former employment), to the Diocese of St. Petersburg or to the facility. He will retain any social security benefits for his personal needs.
  
3. All retired incardinated priests who are eligible for Medicare benefits need to select Medicare Part B, in addition to Medicare Part A. All incardinated priests will be reimbursed for the standard Part B premium by the Diocese.