



Diocese of East Carolina

Clergy and Lay Employees Compensation and Benefits Handbook

2024

To the Bishop, Clergy, Wardens and Treasurers of the Diocese of East Carolina,

The Committee on Compensation and Benefits has reviewed the past year and examined several components of clergy and lay compensation and benefits. Enclosed you will find an updated chart regarding clergy compensation for the upcoming year, as well as requirements for lay employee benefits and the 2024 Church Medical Trust insurance plans and rates.

According to the Consumer Price Index the Cost of Living decreased by 5.5% based on the 2024 SSA predictions. Therefore, the COLA recommended for 2024 is 3.2%. **An increase in the clergy's salary based on merit should be considered separately in addition to the COLA adjustment.**

In the area of Continuing Education, the committee encourages parishes to meet the recommendation of a minimum of \$1600 and 2 weeks for each clergy *or* no less than the Continuing Education amount listed on the Letter of Agreement. All clergy are required by canon (Canons III.9.1 and III.7.5) to participate in some form of continuing education every year; but most importantly, it is essential for the health of the clergy and the parish. It is also recommended that lay staff have opportunity for continuing education as well.

It is highly recommended parishes reserve annual funds towards a Priests' Sabbatical as to not overextend the annual budget. In accord with diocesan policy, two weeks per year of service in this parish Sabbatical Leave, to begin accumulation after the first year of service as Rector, and cumulative through the sixth year of service. See page 7.

All vestries are reminded that IRS regulations require that a resolution must be passed by the Vestry before the beginning of each year to allocate the housing allowance for clergy. Otherwise the housing allowance cannot be tax protected. A sample resolution is included in this handbook on pages 7&8.

Parishes with lay employees are reminded that by Resolution A177 of The Episcopal Church, there must be parity between lay and clergy in medical insurance coverage. The level of insurance provided to full-time clergy must be provided to full-time lay employees as well. The resolution passed by the Executive Council of the Diocese of East Carolina can be found on page 12 of this handbook.

The minimum supply clergy remuneration plus mileage and travel reimbursement is outlined on page 11. In our diocese, supply clergy are very important and need to be paid appropriately.

The Committee on Compensation and Benefits is willing to talk to any vestry, finance committee, wardens or clergy wishing to explore specific issues involving clergy compensation.

Respectfully submitted,

The Rev. Richard Elliott
Mrs. Jessica Cenci
Mrs. Tess Judge
The Rev. Dr. John Pollock
Mrs. Janet Heath

Table of Contents

Clergy Compensation Review and Recommendations	
A. Clergy Compensation Review Process	4
B. Salary and Compensation Factors	4
1. Cost of Position.....	4
2. Levels of Responsibility	5
C. Recommended Salary Ranges.....	6
D. Mandatory Vestry Housing Resolution	7
E. Total Cost to the Parish	7
F. Salary and Benefits Calculation Chart	8
Supply Clergy Remuneration	9
Retired Clergy	
A. Medical Benefits and Working after age 65	10
B. Medicare Supplement Reimbursement Benefit	11
Lay Employee Benefits.....	12
Denominational Health Plan and Parity	12
Affordable Care Act Reporting Mandates	13
2024 Insurance Plans and Rates	14
2024 Life and Disability Insurance Rates.....	15
Small Employer Exception Explanation.....	17

CLERGY COMPENSATION REVIEW AND RECOMMENDATION

A. ANNUAL COMPENSATION REVIEW PROCESS

The rector and the senior warden are asked to appoint a Compensation Review Committee. It is suggested that the following might serve on the Compensation Review Committee: (1) a former senior warden; (2) one of the current vestry members; and (3) preferably someone from the congregation at-large who may have experience in compensation review on a professional level.

Suggested steps for carrying out the compensation review process are:

(1) After the Committee has been appointed, all members should be supplied with copies of “Caring for Clergy through Compensation”, “Caring for Clergy through Housing” (see page 7 for ordering information) and these Clergy Compensation Recommendations, which should be read before meeting with the rector.

(2) The Committee should review the existing compensation package by item to be familiar with its details.

(3) The rector should be asked to comment to the Committee on the present compensation and how the total package should be structured for the coming year.

(4) The Committee should be aware of the current COLA (cost of living allowance.) COLA is not considered a raise, but an adjustment based on the increased cost of living. The COLA for the year 2024 is 3.2%. **An increase in the clergy’s salary based on merit should be considered separately in addition to the COLA adjustment.**

(5) The guidelines recommended by the diocese should be reviewed.

(6) The Committee should ascertain that the rector is familiar with the tax consequences of how the salary package is structured. The 2023 Federal Tax Guide for Clergy may be downloaded from the Diocesan website. www.diocese-eastcarolina.org, Resources, Clergy Resources.

(7) The compensation should be set. The Diocesan Compensation and Benefits Committee encourages the Parish Compensation Review Committees to set the compensation with the rector present to allow for an open dialogue.

B. MINIMUM SALARY AND COMPENSATION FACTORS

The Cost of the Position

Clergy, as all Christians, are called to do the work of the Lord. Compensation of clergy is one measure of how we care for one another as Christians. The compensation of clergy is influenced by many factors such as the scope of the job, clergy/vestry accountability, church stewardship, and the resources of the parish. Maximum equity and fairness result when the policies and methods pertaining to clergy compensation are standardized as much as possible and dealt with openly, making allowances for "special situations".

The following guideline for determining the cost of a full-time clergy position is offered for establishing equity and fairness between the clergy and the vestry.

While there is difficulty in any ministry review for clergy and vestry, there is an obvious need for an annual review of their mutual ministry. Communication and accountability between clergy and vestry should be a part of that review. An ongoing written clarification of expectations between clergy and vestry will support the mutual ministry of the parish.

Levels of Responsibility and Commensurate Compensation

Salary is that cash amount which is paid directly to a member of the clergy exclusive of housing, utilities, and SECA. The first step in determining salary is to determine the Job Responsibility Level. The descriptions of each level and the ranges of each salary are of a scope comprehensive enough to allow practically any situation to fall within one of the job responsibility levels. The Job Responsibility Level determines the salary range.

Job Responsibility Levels. Please refer to the Episcopal Church Foundation publication Overview of Church Size Theory which can be found at http://www.ecfvp.org/files/uploads/Overview_of_Church_Size_Theory_Notes_Pages_072012.pdf

First Year of Ordained Ministry: This is the first year of ordained ministry, which begins on the day of ordination to the Diaconate. (Salary set by diocese.) This is an entry - level position.

Second Year of Ordained Ministry: This is the second year of ordained ministry, which begins on the first anniversary date of the ordination to the Diaconate.

NOTE: The following levels are based on average Sunday attendance (ASA) taken from the previous year's parochial report.

Family Size Church: Positions at this level require professional competency and ability to deal with normal demands as found in some missions and small parishes. This size congregation typically has up to 75 members attending worship regularly on Sundays.

Pastoral Size Church: Positions at this level require professional competency and ability to deal with demands of a mission or parish beyond the size or complexity of Level B. Often the major challenges here are those of institutional and pastoral management. An illustration of this level might be the mission cure, small to medium parish, college chaplain, or seasoned assistant. This size congregation will have 76 to 140 members attending worship regularly on Sundays.

Transitional Size Church: These are positions of some complexity and responsibility requiring more professional competence and independence than those of Level C. Of the same level of responsibility, although very different in some of the skills required, are such positions as diocesan officials, a Senior Assistant/Associate in a parish whose rectorship is at Level E or F, or a "Specialist" in certain areas. This size congregation will have 140 to 225 members attending worship regularly on Sundays.

Program Size Church: These positions are very complex. Typical of this level is the rectorship of above average in size and complexity of program. This size congregation will have between 225- and 400-members attending worship regularly on Sundays.

Resource Size Church: These positions require considerable experience and mastery of several, but not necessarily related, disciplines. Direction and training of a large staff is required. Rectors of very large, diverse parishes are typically at this level. This size congregation over 400 members attending worship regularly on Sundays.

Episcopate: Including Bishop Diocesan, Bishops Coadjutor and Suffragan.

C. RECOMMENDED BASE SALARY RANGES

Below are the Diocesan recommended *base salary* ranges (**not including housing, utilities, or SECA**) related to parish size determined by Average Sunday Attendance (ASA) and clergy total years of service. For churches, whose attendance is near the maximum of a category, the vestry should consider advancing to the next level. Other factors which will call for increased base salary include, time in the parish, unique skills, and talents which the parish finds desirable in its clergy, and any other subjective factors which the vestry, at its discretion, appreciates in the mutual ministry shared with the clergy.

Because of the variation of housing costs from community to community it is difficult to provide a standard housing allowance for churches across the diocese. Vestries should look at local housing and utility costs as an aid to developing this part of clergy compensation.

The salaries below are representative of the 2024 COLA increase of 3.2% above the 2022 Salaries. The chart below was not increased in the 2023 handbook leaving parishes to increase at their own discretion.

Recent Diocesan Seminarian Graduates:

First year of ordained ministry: \$39,742 (set by Diocese)

Second year of ordained ministry: \$44,064 (set by Diocese)

Years of Service	Family	Pastoral	Transitional	Program	Resource	Episcopate
	< 75 ASA	76-140 ASA	141-225 ASA	225-400 ASA	>400 ASA	
19 & up	\$73,636	\$75,220	\$88,093	\$136,355	\$170,454	\$213,001
13-18	\$67,107	\$68,951	\$80,279	\$124,268	\$155,334	\$194,106
8-12	\$60,573	\$62,683	\$72,462	\$112,170	\$144,034	\$175,208
4-7	\$54,044	\$56,414	\$64,647	\$100,075	\$125,092	\$156,317
0-3	\$47,508	\$50,143	\$56,831	\$84,413	\$109,972	\$137,419

Estimating a Housing Allowance: In preparing a package for a proposed clergy person the housing allowance (Mortgage, Utilities, Insurance) needs to be added to the base salary. We provide no guidance because housing costs vary greatly among the communities of our Diocese. What neighborhood(s) would you think your clergy should be living in; what are the costs of housing there? Talk with Realtors in your area. They should be able to provide a sense not only of what housing will

cost, but also utilities. A Banker or Mortgage Broker should be able to give a sense of what a mortgage payment would look like.

D. HOUSING RESOLUTION BY VESTRY

The Internal Revenue Code (“Tax Code”) specifies that the housing allowance of a minister who owns or rents a home is nontaxable in computing federal income taxes to the extent that it is

1. Declared in advance,
2. Used for qualified housing expenses, and
3. Does not exceed the fair rental value of the minister’s home, furnished, plus utilities.

The housing resolution should be approved by the Vestry and recorded in the December minutes for the next salary year, and ordinarily equal the fair rental value of the clergy-provided housing, unless the minister expects the housing expenses to be substantially less.

Note that it is the responsibility of the ordained employee who owns or rents his/her home to determine the fair rental value, furnished, plus utilities of that home; and — unless the housing allowance resolution amount suggested by the ordained employee exceeds his/her compensation — the employer or vestry should accept and duly approve it.

Under no circumstances can a church designate a housing allowance retroactively. Although the costs of a mortgage qualify as part of the housing allowance, costs associated with refinancing a principal residence or with a home equity loan qualify only if the proceeds are used for acquiring or maintaining a principal residence.

Sample Resolution: Whereas the Rev. _____ is compensated by parish name exclusively for services as a minister of the gospel; and

Whereas parish name does (not) provide clergy name with a rectory, therefore, it is hereby

Resolved, that the total compensation paid for clergy for the calendar year 20__ shall be \$ _____ of which \$ _____ is hereby designated to be a housing allowance; and it is further

Resolved, that the designation of \$ _____ as a housing allowance shall apply to calendar year 20__ and all future years unless otherwise provided.

E. TOTAL COST TO THE PARISH

- A. Salary and Housing for Pension purposes (use chart on page 10)
1. Salary
 2. Housing - (a) if rectory is provided, 30% of salary, cash housing and utilities allowance and social security allowance for purpose of calculating pension payment; (b) if no rectory is provided, actual cash and utilities allowance.
 3. Utilities - reimbursement of actual costs
 4. Social Security or SECA allowance – cash allowance given to clergy to offset the cost of self-employment taxes in accordance with SECA. This is usually calculated as *half* of the current SECA percent (currently 15.3%).
- B. Benefits
1. Retirement (Church Pension Fund) - 18% of salary, housing and utilities, social security allowance and Any Other Cash Allowances
 2. Medical and Dental Insurance - Based on 2024 rates from Church Medical Trust.
 3. Life insurance at twice the annual total cash compensation.
 4. Sabbatical Leave (three months per five years) *{See note below}*
 6. Vacation – Cost to provide Supply Clergy during vacation period
 7. If rectory is provided, a monthly equity allowance placed in a non-taxable annuity

(The Church Pension Fund is one source to establish an annuity. Call 1-800-223-6602.)

- C. Business Expenses
1. Travel - reimbursement of actual expenses for parish and diocesan activities.
 2. Continuing Education - reimbursement of actual expenses, including travel, registration, lodging, etc. (\$1600-\$1800). A minimum of two weeks (including two Sundays) is an appropriate length of time for continuing education.
 3. Other Professional Expenses - reimbursement of actual expenses (such as books).

Letters of Agreement (including compensation packages) need to have the approval of the Diocesan Office.

Examples of how to correctly record clergy compensation, including a sample W2, can be found under the Resources tab on the Diocesan website: <https://www.diocese-eastcarolina.org>

Note Regarding Sabbaticals: There is growing concern that a sabbatical is helpful/necessary if the quality of ministry from the clergy is to grow and remain competent within the life of the congregation. A three month leave after five years in an individual parish has been suggested by our Commission on Ministry as an appropriate time. The parish treasurer is encouraged to accrue funds each year. The course of study, as well as the length of time, should be negotiated with the vestry. Please consult the Commission on Ministry's Policy on Sabbatical Leave. The website link is https://s3.amazonaws.com/dfc_attachments/public/documents/3050131/Sabbatical.pdf

There are numerous printable resources available from the Office of Transition Ministry to assist parishes and clergy with clergy compensation issues. The website link is <http://library.episcopalchurch.org/office/transition-ministry>, and type the title you want in the search library box.

**F. A CHART TO CALCULATE
RECTOR'S SALARY AND BENEFITS**

(to fill in electronically, double click on the chart. Totals will add automatically.)

1 SALARY		1 SALARY	
2 UTILITIES CASH ALLOW		2 UTILITIES CASH ALLOW	
3 HOUSING CASH ALLOW		3 HOUSING CASH ALLOW	
4 SECA CASH ALLOWANCE	0.00	4 SECA CASH ALLOWANCE	0.00
A TOTAL SALARY/ALLOWANCES	0.00	A TOTAL SALARY/ALLOWANCES	0.00
(1+2+3+4)		(1+2+3+4)	
RETIREMENT (PENSION FUND)		RETIREMENT (PENSION FUND)	
		4 SALARY+UTILITIES+HOUSING+SECA	0.00
		(SAME AS A)	
		HOUSING:	
		5 30%(SALARY+UTILITIES+FICA)	0.00
		6 SUBTOTAL (4 + 5)	0.00
B PENSION (18% OF ITEM A)	0.00	B PENSION (18% OF LINE 6)	0.00
C LIFE MEDICAL & DENTAL INSURANCE		C LIFE MEDICAL & DENTAL INSURANCE	
D LONG TERM DISABILITY INSURANCE		D LONG TERM DISABILTIY INSURANCE	
(S/T DISABILTIY PAID BY CPG)		(S/T DISABILITY PAID BY CPG)	
E SABBATICAL LEAVE		E SABBATICAL LEAVE	
(THREE MONTHS PER FIVE YEARS)		(THREE MONTHS PER FIVE YEARS)	
F VACATION (SUPPLY CLERGY COST)		F VACATION (SUPPLY CLERGY COST)	
G EQUITY ALLOWANCE (N/A)	0.00	G EQUITY ALLOWANCE	
		(TO NON-TAXABLE ANNUITY)	
H TRAVEL-ACTUAL EXPENSES		H TRAVEL-ACTUAL EXPENSES	
I CONTINUING EDUCATION		I CONTINUING EDUCATION	
TOTAL COST TO PARISH	0.00	TOTAL COST TO PARISH	0.00
(A+B+C+D+E+G+H+I)		(A+B+C+D+E+F+G+H+I)	

RECOMMENDED MINIMUM SUPPLY CLERGY REMUNERATION

One Sunday Service (or special services, such as funerals and weddings)	\$275.00
Two or more Sunday services	\$330.00
Regularly Scheduled Midweek Service	\$140.00
Mileage Reimbursement (Required)	Current Allowable IRS Rate
Lodging and Meals as Necessary	Standard IRS Per Diem *

(To check the per diem rate for your location, go to <http://www.gsa.gov/portal/category/100120> and click on the state of North Carolina)

*Use of the per diem rates is not mandatory—a parish can always reimburse actual expenses if the supply clergy provides adequate records (actual receipts).

Note: Supply clergy are responsible for federal and state income tax and self-employment tax on these amounts. Interim situations are all unique and should be negotiated individually with the involvement of a Diocesan consultant. **The Church Pension Fund should be notified of any supply priest providing services regularly for 5 months or more.**

In the case where a congregation has a regular agreement with a supply priest and wishes to contract with them for pastoral care or other specific services, then additional compensation is appropriate. The amount, depending upon time given for those services, needs to be near or equal to the minimum remuneration for Sunday services.

Supply clergy that are regularly employed and consistently work at the same congregation are normally considered to be employees of the congregation. The congregation is responsible for providing the supply clergy with a Form W-2, “Wage and Tax Statement,” at year-end and must also file a quarterly Form 941, “Quarterly Federal Tax Return,” as well as quarterly state returns.

Congregations that pay any supply clergy over \$600.00 in a calendar year must, at the minimum, provide the supply clergy with an annual Form 1099 MISC. The congregation is responsible for obtaining the supply clergy’s Social Security number to be reported on the Form 1099.

For more information on Clergy Compensation and Tax laws, go to www.diocese-eastcarolina.org; click on Resources, then Administrative resources and scroll down to Federal Reporting Requirements for Episcopal Churches.

BENEFITS FOR RETIRED CLERGY

Medical benefits and working after 65

When a priest (or lay employee) reaches the age of 65 and is eligible for Medicare, the question arises: Can the employee sign up for Medicare, be dropped from the medical coverage offered by the employer and be reimbursed by employer for the cost of Medigap or the Medicare Supplement Plan?

Simple answer: NO.

Medicare requires that any active employee be enrolled in the employers' active medical plan regardless of age or Medicare eligibility. This is Medicare's rule, not the Medical Trust's rule. It is meant to keep active employees out of the Medicare system if they remain actively employed (not retired). If for an employee it is determined by Medicare that they should have been on an employer's active plan but are on a Medicare Supplement plan, where Medicare pays primary, there are possible penalties incurred by both the employer and the employee, as well as cost recovery for claims paid by Medicare that would have been paid by the employees' active plan. Each year, the Center for Medicaid, and Medicare Services (CMS) runs a test which compares W-2 data against Medicare Supplement Plan enrollment. If an individual makes more than the Medicare maximum income during retirement (at this point, they don't know if the individual is or is not retired) and is enrolled in a Medicare Supplement Plan, it creates an exception, and the employer is sent a letter to clarify the individual's employment status. If it fails, the test there may be penalties.

The complicated answer: Yes, but...

All that being said, the employer and employee may make the choice to continue a Medicare Supplement Plan even if the employee is actively working.

If that is indeed the case, there are a couple of ways the employer and employee can protect themselves against implied liability. Anti-discrimination laws prohibit an employer from offering different plans to those employees who are 65 or older than those who are under 65. The 65 or older employee, who is enrolled in Medicare, can reject/decline active coverage offered by their employer if, and only if, the following is understood:

- The declination needs to be in writing
- The declination releases the employer from any further liability associated with this decision
- The employer cannot reimburse, pay for directly, or remunerate the employee for a Medigap or Medicare Supplement Plan, financially or otherwise, or incent the employee in any manner, to reject active coverage
 - The employee must state in writing they are not receiving any remuneration for their Medigap or Medicare Supplement Plan (includes salary adjustment to compensate)
- Employees who choose this option are NOT eligible for the Medical Trust's Medicare Supplement Plans and will need to purchase a supplement plan in the open market

So, the bottom line is:

- The best option would be for the employee/cleric to enroll in the *active plan* provided by the parish/institution EXCEPT for the Anthem/Cigna HDHP plans (while the HDHP plans are available to 65+ employees, the 65+ employee cannot make any contributions to a HSA). They would remain enrolled in Medicare, but could exit their Medigap/Med Supp Plan as well as the Part D coverage (not needed on the Active Plan)
- You could ask that pricing be provided for an Anthem BCBS MSP/SEE (Medicare as Secondary Provider Small Employer Exception) plan, select one, and then enroll the employee/cleric in that plan, IF the parish/institution has less than 19 employees and qualifies for enrollment in an MSP/SEE plan
- The employee/cleric and the employer decide that the employee/cleric stay on their Med Supp plan and follow the guidance above.

Medicare Supplement Reimbursement Benefit

This proposal is submitted concerning a benefit for retired clergy and surviving spouses of retired clergy. Retired clergy may receive assistance in defraying the cost of Medicare Supplement Insurance, within the following guidelines, upon consultation with the Bishop:

Eligibility

To all clergy who are sixty-five years old or older, and have served as a priest with compensated benefits for at least 20 years in the Episcopal Church of the United States of America, with ten years as such a priest in continuous service in the Diocese of East Carolina, and canonically resident at the time of retirement in the Diocese of East Carolina, the diocese may reimburse each retiree meeting these criteria for a portion of their premiums for the Medicare supplement plan with the Episcopal Church Medical Trust.

Benefit Amount

Each year the maximum reimbursement allowance will be reviewed, and a recommendation made to the Diocese, applicable to funds available. Consideration in setting the amount of this benefit shall, without any obligation to offset it, be based upon what it would cost to purchase Medicare Supplement insurance with the group health insurance that the Diocese is using at the time. In no event will the amount of reimbursement in each instance be more than the lesser of the following: (1) the actual cost of the insurance, or (2) the maximum reimbursement benefit in effect at the time.

Recipient's Responsibilities

While the recipient is responsible for securing his/her Medicare Supplement coverage with the provider he/she chooses and also for filing evidence of its having been paid (for reimbursement purposes), the amount of reimbursement will be determined in accordance with the preceding section ("Benefit Amount").

LAY EMPLOYEE SALARY & BENEFITS

Total Cost to Parish for Full-time (30 hours or more per week, 1500 hours per year)

1. Salary

The COLA for the year 2024 is 3.2%. An increase in the lay employee salary based on merit should be considered separately from the COLA increase.

2. Benefits

Retirement – minimum of 5% of salary, plus up to 4% matching for employee contribution

Life insurance through Church Medical Trust – twice the amount of annual salary

Medical, dental insurance on parity with clergy through Church Medical Trust

Long-term and Short-term Disability Insurance through Church Medical Trust

Part-time lay staff (at least 20 hours per week or 1000 per year)

1. Salary

2. Retirement – minimum of 5% of salary, plus up to 4% matching for employee contributions

It is recommended that Lay staff have opportunity for continuing education.

DENOMINATION HEALTH PLAN AND PARITY IN THE DIOCESE OF EAST CAROLINA

(Resolution passed by the Executive Council of the Diocese of East Carolina)

To: All Lay Employees, Clergy and Vestries

From: Executive Council, Diocese of East Carolina

Date: May 2012

Effective January 1, 2013, all Parishes and Missions of this Diocese shall provide equal health care coverage through the Church Medical Trust (CMT) to all eligible lay and ordained employees. An eligible employee is defined as regularly scheduled to work 30 or more hours a week (1500 hours/year).

Health care coverage is defined as:

(a) Medical insurance through one of the plans offered by the CMT.

(b) Dental insurance through one of the plans offered by CMT.

The Vestry of each congregation of this Diocese shall determine which specific plan of health insurance from among those offered by the CMT will be offered to all eligible employees of the parish, both lay and ordained. Employees may be required to pay a portion of the cost of such medical insurance (not to exceed a 5% increase each year), but such cost must be equal for all employees, as determined by the Vestry.

Existing letters of agreement and employment contracts will be honored through December 31, 2012. All parity requirements will be effective January 1, 2013.

The Executive Council may require other organizations subject to the Ecclesiastical Authority of this Diocese to provide such benefits to their employees at such time and under such conditions as Executive Council shall determine. Each organization shall obtain a quote each year for coverage provided by the CMT.

Adjustments to implementation may be made from time to time by the Executive Council.

The Vestry may offer to those clergy and lay employees working 20-29 hours per week the same coverage as full-time employees. The employee may be required to pay some or all of the premium.

A clergy or lay employee may opt out of the Denominational Health Plan if they have health care coverage available through qualifying exceptions as allowed by the CMT and the employee must present documentation to that effect.

NEW IRS and ACA MANDATES

Reporting Requirements Under the Affordable Care Act

The Affordable Care Act (ACA) imposes reporting requirements on employers and plan sponsors that will assist the IRS in determining compliance with two ACA mandates:

1. The Employer Mandate – the requirement for large employers to offer health coverage to their full-time employees (Form 1094-C/1095-C)
2. The Individual Mandate – the requirement for individuals to obtain health coverage (Forms 1094-B/1095-B)

Failure to comply with these mandates may result in the employer and/or individual being subject to additional taxes.

Individual Mandate

The IRS tax forms (1094-B/1095-B) required for the Individual Mandate must be provided to employees covered by a healthcare plan for both large and small employers. The Individual Mandate tax forms will be filed by either The Episcopal Church Medical Trust or in the case of fully insured plans, the insurance carrier. Therefore, **if you participate in the Medical Trust plans, you are not responsible for filing the Individual Mandate tax forms.**

Employer Mandate

If your organization is a “large employer” (more than 50 full-time employees) you will be responsible for filing the Employer Mandate tax forms. See link below for more information

If you are NOT a large employer, you are considered a small employer and will not be required to take any action as a result of these new reporting requirements.

**2024
Diocese of East Carolina
Insurance Rates**

Vision and Prescription Drugs Coverage are included in all medical plans. For more information and a plan comparison chart of benefits please go to <http://www.ecdio.org/compensation-and-benefits.html>

Plan Name	Plan Code	Enroll Total	2023 Rates			Family	Final % Chg	Single
			Single	Plus Sps	Plus Child			
Anthem BCBS BlueCard MSP PPO 100	MSG9	1	1013	1823	1823	2836	2.59	
Anthem BCBS BlueCard PPO 100	MPP1	7	1267	2281	2281	3548	2.68	
Anthem BCBS BlueCard PPO 70	MPP4	3	930	1674	1674	2604	2.64	
Anthem BCBS BlueCard PPO 80	MPP3	19	1030	1854	1854	2884	2.70	
Anthem BCBS BlueCard PPO 90	MPP2	5	1136	2045	2045	3181	2.71	
Anthem BCBS CDHP-15/HSA	MHDG	5	983	1769	1769	2752	2.68	
Anthem BCBS CDHP-20/HSA	MHDE	22	874	1573	1573	2447	2.69	
Anthem BCBS CDHP-40/HSA	MHBR	1	806	1451	1451	2257	4.01	
EAP	MEAP		4	4	4	4	0.00	
Delta Dental Premium	DPRE						N/A	
Delta Dental Basic	DDBA						N/A	
Delta Dental Comprehensive	DCOM						N/A	

*These plans are available for employees over the age of 65 if the employer qualifies for the MSP/SEE (Medicare as Secondary Payer Small Employer Exception.) See page 12 in this booklet for more details.

** EAP (Employee Assistance Program) is included with any medical plan listed. It may also be purchased for employees not enrolled in a medical plan at listed price.

Under the mandate of the Episcopal Church and the Executive Council of the Diocese of East Carolina, all full-time employees, clergy or lay, must be offered insurance coverage on an equal basis, providing parity for all. Please see the Resolution passed by the Executive Council on page 12 of this booklet.

2024

Diocese of East Carolina
Insurance Rates

Life Insurance:

\$.65 per \$1,000 of life insurance per month

The amount of life insurance is 2x salary, housing, utilities, and cash allowances (total compensation reported to the Church Pension Fund), rounded to the nearest \$500.00.

Employer-paid Long-Term Disability for Lay Employees:

Premium is based on actual salary (total compensation reported to the Church Pension Fund) and is \$.58 per \$100 of monthly covered payroll.

- The maximum salary cap for the 50% clergy coverage is \$120,000 of covered payroll (\$60,000 is 50% of \$120,000, which is the maximum disability benefit of \$5,000/month)
- The maximum salary cap for the 66 2/3 lay plan is \$90,000 of covered payroll rounded up to nearest \$1,000 (\$60,000 is 66 2/3 % of \$90,000 which is the maximum disability benefit of \$5,000/month)

Church Pension Fund includes Short-term and Long-Term Disability benefits for Clergy beginning in 2018.

Employer Paid Short-Term Disability for Lay Employees:

<u>Salary Ranges</u>	<u>Rate</u>
Less than \$25,000	\$8.00
\$25,000 to \$49,999	\$17.50
Greater than \$50,000	\$32.00

Voluntary Long-Term Disability:

<u>Salary Ranges</u>	<u>Clergy</u>		<u>Lay Employees</u>	
	<u>25% Option</u>	<u>50% Option</u>	<u>25% Option</u>	<u>50% Option</u>
Less than \$25,000	\$14	\$23	\$12	\$18
\$25,000 to \$44,999	\$26	\$44	\$22	\$37
\$45,000 and above	\$50	\$86	\$43	\$72

HSA Accounts

Limitations of HSA contributions:

The clergy/lay member and/or the Vestry are allowed to contribute up to the full deductible to the HSA.

There is no standard established for how much the Vestry ought to contribute.

The 2024 maximum contributions for an employee in a single plan is \$4,150 and for an employee in a Family or plus Spouse plan is \$8,300. If the employee is over the age of 55, then an additional \$1,000 may be added to the maximum. For more information visit <http://www.ecdio.org/compensation-and-benefits.html>.

Medicare Secondary Payer – Small Employer Exception

If your parish qualifies as a Small Employer by the guidelines below, and you have employees 65 years old or older, you can apply for the Small Employer Exception which will allow those employees to sign-up for one of the **MSP** medical plans listed on page 15 at a cost savings to the employer and to the employee. For more information, please contact LaTonya Smith at the Diocesan office – 252-522-0885.

Are you a Small Employer?

The Centers for Medicare & Medicaid Services (CMS) has specific guidelines that define Small Employers and who to consider as an employee.

An employer will be considered a “Small Employer” if they employ 19 or fewer full and/or part time employees each working day in each of the 20 or more calendar weeks in the current and previous calendar year. This may be determined by the number of employees on the payroll on any given workweek plus any self-employed clergy paid during the same payroll period.

For the purposes of the Medicare Secondary Payer (MSP) Small Employer Exception each local church or another salary-paying unit may be a separate employer. A local church or salary-paying unit will be considered a separate employer, provided that the local church or salary paying unit:

- 1) Is separately incorporated, and
- 2) Has its own Employer Identification Number (EIN)

CMS does not aggregate religious organizations for MSP purposes. Incorporated parishes and churches that are part of a church-wide organization, such as a diocese, are considered to be individual employers for purposes of the MSP Small Employer Exception.

Please note that this document is provided for informational purposes only and should not be viewed as legal, tax or other advice. Please consult with your own professional advisor for further guidance.