

Statutory Benefits

- **Social Security and Medicare** – As discussed under our article #2, Employment Taxes, all employees are required to participate in Social Security under the Federal Insurance Contribution Act. Contributions will be withheld from the employee's pay checks for the employee's share and the church must match the withholdings for the employer's share. These will be forwarded to the IRS as prescribed by law. Again, those who are employed as clergy are treated as "self-employed" for FICA purposes and are responsible to pay Self Employment Tax for which there is no matching employer contribution.
- **Workers' Compensation Insurance** – Employees who are injured and/or unable to work as a result of an accident occurring in the course and scope of employment may be entitled to medical and income benefits under Workers' Compensation insurance. If your church does not have a policy and one of your staff is hurt on the job, the church could be held liable for all medical costs and lost wages.
- **Unemployment Insurance** – Churches are exempt under Federal law from having to participate in unemployment insurance programs. Therefore, unemployment insurance is not available to employees who may be laid off from employment.
- **Housing Allowance** – In respect to the housing allowance, churches MUST annually adopt resolutions authorizing HA in advance of the tax year their clergy take said allowance. A housing allowance cannot be designated retroactively.

Voluntary Benefits (all should be spelled out in church's employee manuals)

- **Life, Health, and Dental benefits** – what benefits will be available, to whom they will be available (non-discriminatory), and who will pay for them are all decisions to be made in advance of hiring.
- **Pension Plan** – Enrollment rules, eligibility rules, contributions, and entitlement conditions all need to be decided upon when hiring staff.
- **Holidays, Vacations, Personal Leave, and Sick Leave** – these policies should all be in place prior to the hire of any staff and should not be discriminatory among lay staff.
- **Short term/long term disability benefits** – these policies are helpful should the need arise for a staff member to be off for an extended period of time. *Ad hoc* benevolence payments to employees may create undesirable precedents AND are taxable to employees as any other wage.
- **Military Leave, Jury Duty Leave, and Leaves of Absence** - these policies should also be considered and put into place prior to hiring staff.
- **Sabbaticals** - A variety of practices exist on the length, timing, and requirements of sabbaticals for clergy. Individual call letters normally identify the specifics on these.
- **Relocation and Moving Expenses** - policies should be in place prior to offering a call.
- **Training and Development** – Membership fees, dues, and other expenses related to continuing education and training should be in place as part of your employee manual.
- **Family and Medical Leave Policy (FMLA)** – If you are a large enough employer, you may need to establish FMLA policies for your church per Federal statute.

If you have any suggestions or questions for an upcoming article, please contact Tammie Wisniewski at tammie@psec.org or call the conference office at 484-949-8774 X304