## **Financial Planning in Your Faith Community**

Mission and Ministry Support (MMS) formula: Faith communities with Line A Revenue from their Parochial Report from the previous year of $300,001 or more will be assessed at the rate of 13.0% of Line A. Faith communities with Line A Revenue of less than $300,000 will be assessed at the rate of 11.0% of Line A.

Self-Employment Tax Allowance: Priests are self-employed for Social Security tax purposes. This means the priest is responsible for paying self-employment tax, which is assessed at 15.3% rate. Minnesota Canon 612(a) requires each church to pay a self-employment tax allowance of at least half (50%) of the priest’s self-employment tax. This is calculated by multiplying total compensation by 1.0765.

For self-employment (a.k.a. social security) tax purposes, total wages includes: the salary, housing, utility, and/or rectory allowances, the social security allowance, and any travel, education or other allowances paid to the priest under a non-accountable plan; a priest must also add in the fair market value of a rectory provided, if any, to the total salary amount.

[Example: Salary ($50,000) plus Housing ($10,000) = Subtotal Wages ($60,000) x .0765 = Self-employment taxes paid by church to clergy ($4,590).

In this example, actual payroll would read as follows: Gross Wages of $50,000, Housing Allowance of $10,000 and SECA Allowance (self-employment tax) of $4,590]

**Note:** Episcopal priests do not qualify for an exemption from Social Security taxes. The Episcopal Church has determined that there is no theological basis to support a priest’s election to opt out of the Social Security System. A decision to opt out of Social Security is generally irrevocable and signing a Form 4361 may be deemed an act of perjury.

**Church Pension Group Resources**

The Church PEnsion Group (CPG) has helpful resources for f[inancial planning and tax information for Clergy and Lay Employees](https://www.cpg.org/redirects/tax-resources/).

**Audit**

ECMN Canon 702.4 specifics that each faith community should participate in a yearly financial review. You can find more resources to prepare for a financial review in the financial resources section.

### **Pooled Investment Fund**

The Pooled Investment Fund (PIF) is your Episcopal vehicle for enhancing the power of your church’s assets. Established and managed by the Trustees, this fund can provide a faith community, mission or organization with low-cost, reasonably safe, competitive returns on your investments. You can find more information about the Pooled Investment Fund and how to participate in the financial resources section.