



Discipleship Day – Vestry Workshop  
St. Jude's Episcopal Church, Niceville, FL  
March 25, 2017

Last year (2016) we focus on Finance and Administrative Practices...

- Vestry: Key Activities and Responsibilities
- Including..... audits, parochial reports, church by-laws, letter of agreements, taxes, employment, housing, clergy / lay benefits, salary & pension, financial Internal controls / processes, working after retirement...
- Whew!

## Today: Focus on resources and ways you can save...

- Review a few key items from last year... (eg. employment, taxes)
- Grants, On-line Resources, Scholarships, Employment checklist
- Medical:
  - ☐ Consumer Directed Health Plans
  - ☐ Health Saving Accounts
- Insurance:
  - ☐ Auto
  - ☐ Property
- Employment Law Hotline (FL pilot program)

## **Vestry Responsibilities**

- Called to a ministry in your faith community
- Shared leadership responsibilities with the rector
- Ensure that practices for managing church financial, personnel, and property are fair, transparent, in compliance
- Don't know? Ask questions. Clarity and straightforward talk on church administration begin with the vestry.
- New to the vestry? Start by asking for:
  - ✓ Previous vestry meeting minutes
  - ✓ Current budget / latest parochial report
  - ✓ By-Laws

## **Church By-Laws**

- Have you reviewed them? When were they last updated?
- Example is on our website (Congregational Resources)
- Updating is an opportunity for educating & communicating about church governance so parish can make an informed decisions.
- Includes such items as:
  - ✓ Annual Parish Meeting, vestry elections, nominations, membership
  - ✓ Vestry – composition, voting, vacancies, meetings, duties, attendance expectations
  - ✓ Officers – eligibility, duties, authority

## **Parochial Reports (required)**

- Vestry should review and sign off.
- Due March 1 each year (for previous year)
- Vital source of information about your church
- One of the few required reports as per Canons
- Reported to General Convention, published in Diocesan Journal
- Do them online. Please ask if you need your login info...

## **Audits (required)**

- Required annually – an effective financial tool with a vestry role
- Title I. Canon 7, Section 1g: audit reports, findings, corrective actions shall be filed with the Bishop not later than 30 days after report **or by Sept 1** for the previous calendar year.
- We are working on a “small church auditor” program for AL churches.

## **Church as an Employer:**

- Background Checks: *Required*
- Form I-9: *Required*. (Is employee eligible to work in the US?)
- State / Federal W-4 “Employee Withholding” – Required.  
Completed when a clergy or lay employee is hired
- AL and FL New Hires Reporting: *Required*. File online report
- Provide required benefits; there are deadlines!
- There are required clergy minimum salaries; see policy
- Safeguarding: *Required*. We’ve streamlined it for 2017
- W-2 vs. 1099. When are you an “employee” (W-2)? Depends...  
For example: W-2’s for Rectors, vicars, and their assistants; Interim clergy and regularly employed supply clergy who consistently work at the same congregation, secretaries, sextons, directors of Christian education, childcare providers, the organist and choir director
- Exempt vs Non-Exempt: validate if you don’t know
- Highly Recommend payroll processing vendor

### **Taxes?**

Must comply with federal withholding law and reporting employee taxes / SS

- Form 941 - Quarterly tax filings for employee tax withholdings. A must!!
- Annual clergy housing resolution – first meeting of the year
- Property Taxes: churches need to make sure they file with your local county for property tax exemption (example: every 2 years). Diocese is notified but church needs to file as needed
- CPG / Diocese communicates imputed income to clergy (group life)
- Topic Paper on our website: Clergy Taxes, Clergy Housing Allowance

### **Other?**

- Churches usually exempt from sales tax in FL; No sales tax exemption in AL
- Usually NOT exempt from Fair Labor Standards Act (overtime)
- Usually exempt from Americans with Disability Act (public accommodation)
- Usually exempt from Family Medical Leave Act (<50 employees)
- Churches are exempt from Federal Unemployment Act
- Affordable Care Act Reporting: done by CPG for those with Church Medical Trust Plans (if <50 employees)



## Diocese of Central Gulf Coast – Vestry Workshop

### Diocesan Convention

Mid-February

Register by January

### Diocesan Journal

Updates

Due April 1 to Office

Medical Trust – Open Enrollment

Starts in October



### Parochial Reports

Due: March 1

*Required*

### Church Audits

Due in September

*Required*

### Diocesan Pledge (for Budget)

Due in December

*Required*

### Key Suggestions:

- ✓ Register for Convention early
- ✓ Start gathering Parochial Report information in January, complete online and in full
- ✓ Update congregational information when changes occur throughout the year; update on diocgc.org
- ✓ Begin compiling audit information in advance
- ✓ Review medical plan rates and determine plan selection in advance
- ✓ Submit estimate pledge for the coming year to the Diocese; update / finalize prior to convention

# Vestry Resources

## A few places to start...

- *Vestry Resource Guide* ([www.forwardmovement.org](http://www.forwardmovement.org))
- *The Vestry Handbook* (2011 edition is most recent)
- Vital Practices ([www.ecfvp.org/vestrypapers/topics/vestry](http://www.ecfvp.org/vestrypapers/topics/vestry))

### Example Articles:


- ✓ Vestry as Body of Christ
- ✓ Build a Healthy Vestry
- ✓ You're a new warden: Now what?
- ✓ Lessons from a Rookie Treasurer

### Example Webinars:

- ✓ Making the Most of Your Vestry Retreat
- ✓ Basics of Parish Finance



- *Manual of Business Methods in Church Affairs* (available on [diocgc.org](http://diocgc.org))

## Where can I get info?



The Episcopal Church of the Central Gulf Coast

Search Site



HOMEABOUT USMINISTRIESYOUTHNEWS & EVENTSRRESOURCE CENTER

CONGREGATIONAL RESOURCES

### CONGREGATIONAL LOAN FUND

- [Congregational Loan Fund Guidelines & Application](#)

### DIOCESAN ALCOHOL POLICY

- [Alcohol Policy Update](#)

### DIRECTORIES

(updated on the first Monday of each month)

- [Active Clergy](#)
- [Church Mailing & Email Addresses](#)
- [Clergy Spouses & Widows](#)
- [Retired Clergy](#)
- [Supply Clergy](#)

### CONTACT INFORMATION UPDATE FORMS

- CLERGY ONLY FORM
- CONGREGATIONAL  
DIRECTORY FORM
- LAY INDIVIDUAL FORM
- SUPPLY CLERGY FORM

Check back often for continued updates to the Resource Center.

Most common question I usually receive is:  
“How can we save \$\$?”

- ✓ Look to see what benefits / resources are available (ministry grants, on-line resources, embedded benefits for employees, utility audits)
- ✓ Look at your insurance coverage (property, health, etc.)

# Online Resources - Examples

- ***Vestry Resources and & Tools***

ECF Vital Practices: [www.ecfvp.org/](http://www.ecfvp.org/)

- ***Administrative Resources and Tools***

Techsoup.org: [www.techsoup.org/](http://www.techsoup.org/)

- ***Ministry Resources and Tools***

Forma: <http://episcoforma.org/forma-resource-wall/children/>

- ***Grants***

CAMPUS AND YOUNG ADULT MINISTRY GRANTS

[www.episcopalchurch.org/library/office/young-adults-campus-ministries](http://www.episcopalchurch.org/library/office/young-adults-campus-ministries)

- ***“Off the Radar” Grants***

Partners for Sacred Places: [www.fundforsacredplaces.org](http://www.fundforsacredplaces.org)

- ***Scholarships***

[www.diocgc.org/scholarships-and-grants](http://www.diocgc.org/scholarships-and-grants)

## **Savings: Medical/Health Insurance**

- Review our *Denominational Health Plan Policy* (parity and minimum coverage levels)
- Recommend use of the High Deductible Health Plan 15 with a Health Savings Account (HSA)
- For those age 65+, use the MSP Plans (Medicare Secondary Payer)
- Encourage your clergy / employees to use preventative services and embedded benefits (Health Advocate, Employee Assistance Program, EyeMed, etc.)

## **Denominational Health Plan Policy:**

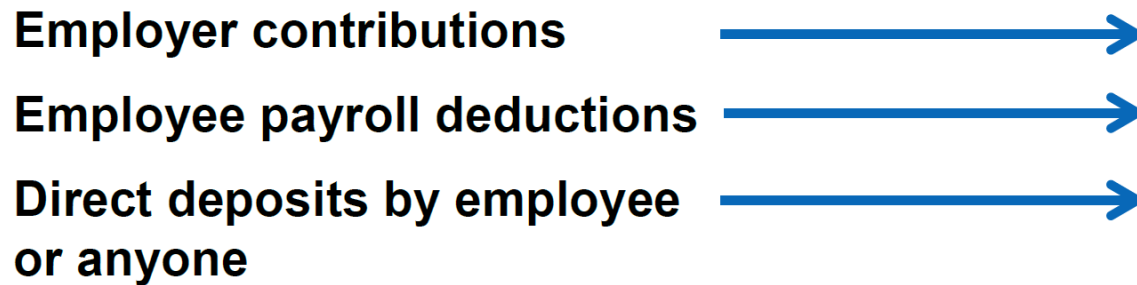
- All eligible clergy and lay employees are required to have equal access to and premium support parity within each congregation...
- Beginning January 1, 2016, congregations shall support a “minimum coverage benefit\*” for all eligible clergy and lay employees.
- ***In 2017, the monthly minimum coverage benefit is “equivalent” to 100% of the premium for a base plan (CDHP 20 plus HSA support ). See for 2017 specifics for details.***
- Provide coverage to clergy consistent with existing letter of agreement. New letters of agreement effective after December 31, 2015 will be compliant with the parity requirements of the Denominational Health Plan.

## **Consumer Directed Health Plans (CDHP) w/ HSA**

- **CDHP's** work much like a PPO but usually with lower premiums and higher deductibles
  - You pay all of your medical, behavioral, and prescription drug expenses until you've met your annual deductible
  - Once you've met your deductible, you pay the co-insurance, up to the Out-Of-Pocket max. Once OOP is met, plan pays 100%.
  - Consumer directed plans cover routine and preventive services and well child care with \$0 co-pay.
- The Health Savings Account (**HSA**) is a savings account funded by employer and/or your employee with a “tax-favored” status. Sort of a “401K” for health.
- When you incur a qualified medical expense, you can pay for it with your HSA funds or submit form for reimbursement.
- If you do not use the money in your HSA, the balance rolls over, earnings are with tax-free, can be applied for future medical expenses.



**Contributing to the HSA Account:**



**IRS 2017 contribution maximums are \$3,400 (individual) and \$6,750 (family)\***

- ✓ Distributions from an HSA for qualifying medical expenses are tax-free.
- ✓ Qualifying medical expenses are unreimbursed costs incurred by the employee or dependent (IRS definition) for medical care, including:
  - CDHP deductibles and coinsurance
  - Prescription drug expenses, mental health and substance abuse treatment and dental services
  - Post-employment healthcare costs (Medicare Part B premiums, etc.)
  - Long-term care and some long-term care premiums

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Example: CDHP Plan 15 (Individual)

## Individual

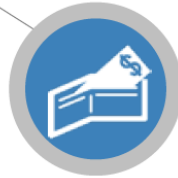
### Annual Deductibles

Medical/Pharmacy: \$1,400\*



### Out-of-pocket limits (network)

Medical/Pharmacy: \$2,400\*



### Physician visits

Preventive: No cost share  
Office visit: 15% coinsurance  
Specialist visit: 15% coinsurance



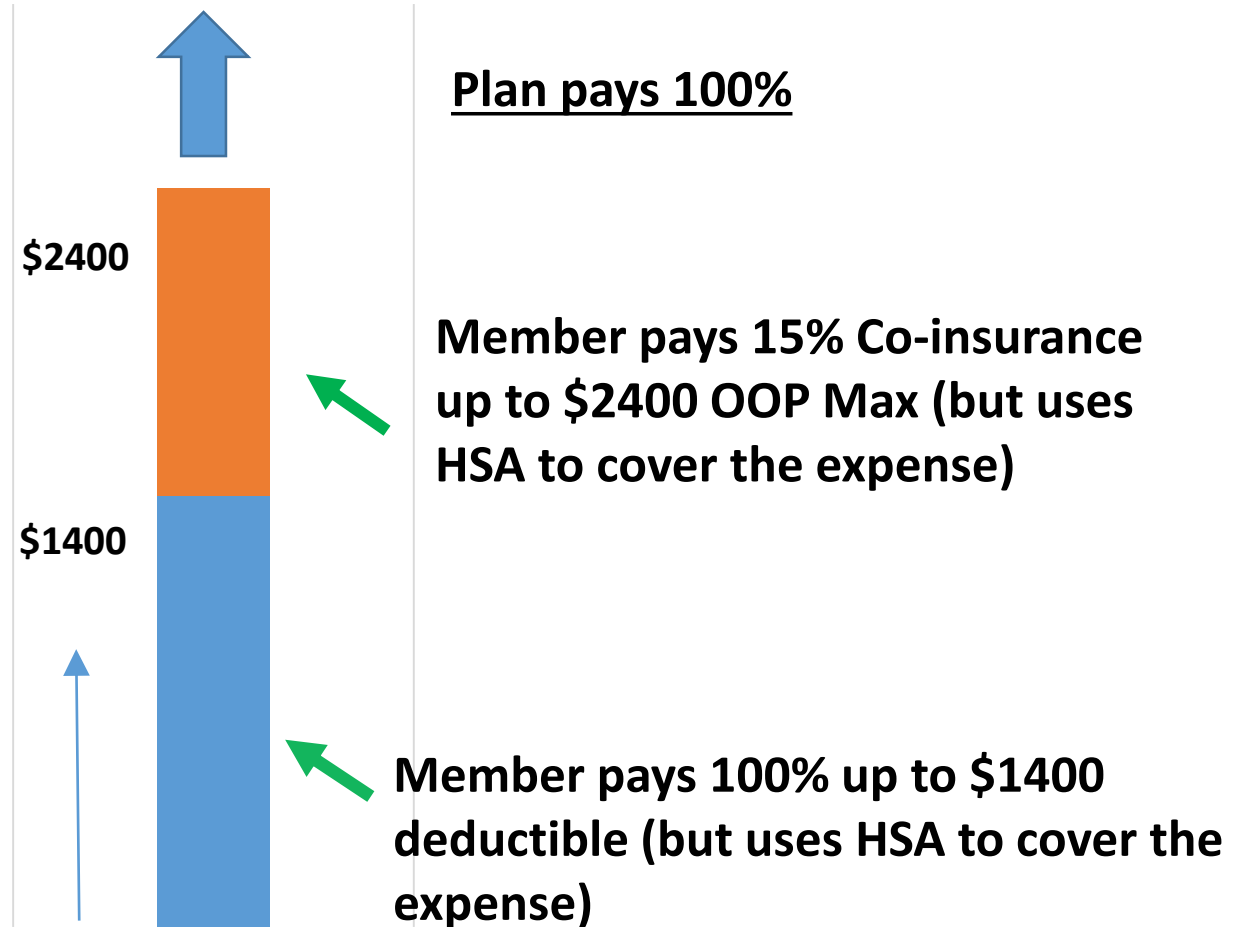
Emergency room 15% coinsurance



Referral for specialist No



## CDHP 15 WITH INDIVIDUAL COVERAGE EXAMPLE OUT OF POCKET



\* Deductible and out-of-pocket limit are non-embedded

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<b><u>Employee + 1: PPO 90 vs. CDHP 15 Example</u></b>	<b>Anthem BCBS PPO 90/70</b>	<b>BCBS CDHP15</b>	<b>SAVINGS</b>
<b><i>Paid by Church</i></b>			
Yearly Contribution	<b>\$17,112</b>	<b>\$11,832</b>	
HSA Account (100% deductible funded by church)	<b>\$0</b>	<b>\$2,800</b>	
<b>Total Paid by Church</b>	<b>\$17,112</b>	<b>\$14,632</b>	<b>\$2,480</b>
<b><i>Paid by Employee</i></b>			
Copays-Doctors, Hospital (OOP Max)	<b>\$3,500</b>	<b>\$4,800</b>	
Copays-Rx (OOP Max)	<b>\$5,000</b>	<b>\$0</b>	
Less deductible paid using HSA Account	<b>\$0</b>	<b>(\$2,800)</b>	
<b>Total Paid by Employee</b>	<b>\$8,500</b>	<b>\$2,000</b>	<b>\$6,500</b>
<b>Total Paid by Church and Employee</b>	<b>\$25,612</b>	<b>\$16,632</b>	<b>\$8,980</b>

- Assume you get sick with everything, use in-network providers.
- Note that this is plan has a “non-embedded” deductible; “family” must be met first

## Other Stuff...

- Tele-medicine option!

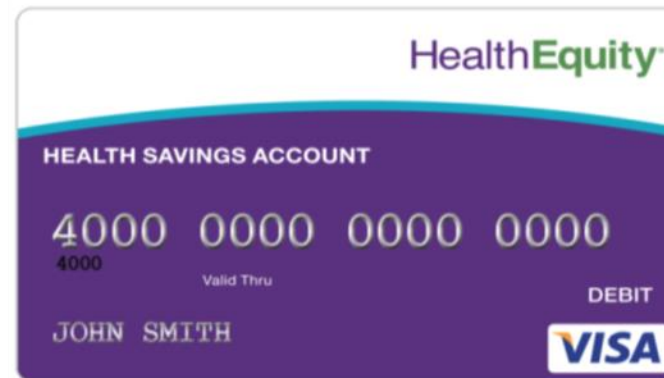
Sign up for LiveHealth Online today!  
It's quick and easy to sign up — just go to [livehealthonline.com](http://livehealthonline.com) or download the mobile app.

**LiveHealth**  
O N L I N E

- Medical Trust has a relationship with HealthEquity for all HSA accounts. Employers will now fund HSAs directly with HealthEquity



Health Equity App:  
view claims, manage debit card, take photos of for documentation, send payments



Debit Card: Funds come directly out of your HSA.

**Property Management** – ensure buildings and grounds are managed and maintained

- Make sure contracts are in place, maintenance is supported in budget, and records are kept
- Plan for routine, major, emergency repairs
- Risk Management (safety and security in place?)
- Good Resource: *“Safety and Insurance Handbook for Churches”*

**Disaster Preparation**

- Do you have plan one on file? Is it updated?
- ERD Templates : Bronze, Silver, Gold Plans.
- Visit diocesan website for disaster plans / toolkit and Asset Map!

## **Property Insurance**

- The Canons require that buildings and contents be “adequately insured.”
- Includes: Sexual Misconduct Liability, Ordinance and Law, Equipment Breakdown, Flood, Crime, Director’s and Officers, Employer Liability, Umbrella Liability, Vehicle, Fine Art
- Directors and Officers: protects vestry for its decisions on behalf of church.
- Issues/ Questions? Church Insurance Company:
- 1-800-293-3525 (Our Rep is Paul Stephens)

## **Directors' and Officers' / Employment Practices Liability**

- The purpose of D&O / EPL insurance is to protect an organization and its agents against civil liability for “Wrongful Acts.” It protects the corporate entity and its Directors and Officers, including clergy, church officers, chapter members, and boards and leaders of church-related institutions.
- Employment Practices Liability covers “Wrongful Acts” such as wrongful termination, allegations of discrimination, harassment, retaliation...
- Wrongful termination is the most common type of claim related to this policy. Which bring us to....

## Employment Law Hotline & Web Portal

### Pilot Program – for our Florida churches (to start with)

- Provided by Church Insurance Companies (“CIC”) & Littler Mendelson, P.C. (employment / labor law firm).
- Access to the telephone hotline and risk management portal is provided AT NO COST to churches with an active Employment Practices Liability Insurance Policy. At the moment, this is a pilot project.
- Speaking with a Littler attorney via the **Telephone Hotline** will be confidential and is not the same as reporting a claim.
- The **Portal** is a comprehensive online database providing employers with instant access to recent legislative and regulatory developments and in-depth information on over 60 employment topics.
- Letter is “in-the-mail” with your account information.



## Automobiles:

**Policies follow vehicles.** Therefore, church-owned vehicles are covered by the church's Auto Insurance policy, and individuals' personal vehicles are covered by the individuals' personal Auto Insurance.

***What if you don't have a church vehicle?*** If a volunteer were driving her own car on church business and got in an accident, her personal auto policy would act as the primary coverage—and "Hired and Non-Owned" coverage would be excess, if her church's policy carried that coverage.

***What about a rental?*** It's usually a good idea to purchase the Liability and Physical Damage Insurance the rental agency provides. It usually costs \$10-15 per day. When you purchase the rental agency insurance, that coverage becomes primary, and your organization's Auto Insurance plan provides coverage in excess of the rental agency's coverage.

## Property Insurance

- Property Insurance policy includes a deductible, which shifts a portion of the cost of the loss to the policyholder.
- Not all deductibles are expressed by a certain dollar amount. For example, a deductible for Named Storm (Hurricane) protection might be a percentage of the building limit.
- Are you really ready if a problem arise?  
Example: For a \$2,000,000 facility:
  - 5% Hurricane deductible this is about \$100,000
  - 2% Wind/Hail deductible is about \$40,000
  - “All other Peril” is \$1000

# Its about Risk Management...



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- ✓ ***Risk monitoring and adjustment***  
(re-examining chosen risk mgmt. strategies and adjusting them to fit your organization's objectives)
- ✓ ***Risk retention*** This is the act of self-funding certain types and amounts of risk.
- ✓ Risk transfer, Risk identification, Risk avoidance

# Can you save on property insurance?

***Question to ask: Can you bear more risk in the form of a higher deductible...do you have property reserves?***

Wind / Hail Deductible: Flat (eg. \$500) or 2%

Hurricane Deductible: \$500, 2%, 5%, 7%

Umbrella: \$1M, \$4M, \$10M, etc.

AOP Deductible: \$500, \$1000, \$5000, \$10,000

- Example: AOP - changed from \$1000 AOP to \$5,000 saved on of our churches about \$2638 per year.
- Replacement Cost? Would you rebuild the church the same way?



Questions?.....

