

CLERGY FINANCE GUIDELINES

VERSION: JULY 2020

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1. INCOME

1.1 Priests' Income

Clergy will receive income from both church and private sources.

Private income includes state and private pensions, investment income, bank or building society interest, rents from personal property, etc. and any relevant allowances from the government.

Church income comprises Christmas and Easters offerings, Mass stipends, and stole fees for baptisms, weddings and funerals. Christmas and Easter offerings are booked into a restricted Parish Fund for the Support of the Clergy and the whole amount can be drawn by the priest. Gift Aid is available on this income and the tax rebate can be added to the Clergy Fund for the priest to draw on. Cheques made out to the priest personally on any occasion are regarded as gifts to the individual not donations to the charity and they cannot be Gift Aided.

Priests whose potential income from these parish sources falls below the Diocesan annual salary of £6,500 (as at 2020) should contact the Vicar General, who can arrange for additional funding to be made available. The Vicar General can be contacted on: vg@abdiocese.org.uk. The Finance Office in Hove has a number of Mass intentions and offerings available where these have been sent in from parishes with a surplus. Please contact coo@abdiocese.org.uk to receive these.

Former Anglican priests with dependents have different remuneration policies to ensure adequate provision for the household. Parishes provide for the priest's domestic expenditure and personal remuneration through a stipend, which the Diocese benchmarks against that set by the Clergy Stipends Authority (CSA) of the Church of England, which publishes stipend rates annually. As at 1 April 2020 the CSA National Stipend Benchmark of £27,000 is adopted by the Diocese as the amount that all former Anglican priests with dependents should receive. The stipend is paid monthly at a twelfth of the annual amount. This stipend is the only income that Former Anglican priests with dependents are entitled to withdraw from the parish: stole fees, Mass stipends and Christmas and Easter Offerings should be retained within the general fund of the parish.

Married clergy may also be eligible for Universal Credit, which replaces many benefits, including Child Tax Credit. Please go to www.gov.uk/universal-credit for further information or contact the Diocesan Finance office.

Chaplaincy fees, such as those from prison or hospital ministry, are usually parish income not the priest's, and as such should not be taxed and paid direct to the parish. Instances where the appointment and remuneration is personal should be agreed with the Vicar General.

1.2 Income for Retired Priests

Financial information for retired priests is to be found in the Priests Retirement Policy. Priests may make arrangements for a personal pension, but premiums may not be drawn from the parish. They are encouraged to seek independent financial advice.

1.3 Secular Clergy Common Funds

“Big M” and “Little M” were established and continue to be administered by clergy to give assistance to sick and retired priests. The grants are discretionary and are not taxed.

The Diocese considers it to be vitally important that clergy join these schemes. The Diocese will pay for all annual subscriptions for “Big M”. Clergy are expected to make annual contributions to “Little M”.

The Diocesan administrators are listed under Clergy Welfare in the annual Diocesan Directory.

The Southwark Brethren is a long-standing charity which helps sick and retired priests. The Diocesan board members are listed under clergy welfare in the annual Diocesan Directory.

1.4 State Pension and State Benefits

Please see the Appendix on Page 8 for information on State Pension and Benefits.

1.5 Supply Rates

Suggested supply rates are as follows:

Service	Rate	Notes
Sunday mass with sermon	£75	Plus mass offering and travel expenses
All weekend masses including sermon and confessions	£150	Plus mass offering and travel expenses
Weekday mass	£40	Plus mass offering and travel expenses
Funeral mass	£100	Whatever is usually paid to the priest by the undertaker, to a minimum of £100 plus travel expenses
Wedding mass or service	£100	Whatever is usually paid to the priest by the couple, to a minimum of £100 plus travel expenses

1.6 Diaconate

The permanent diaconate is a non-stipendiary ministry. The deacon is entitled to reimbursement of expenses incurred in the fulfilment of his ministry, whether carried out at a Parochial, Diocesan or National level. A deacon is entitled to retain any stole fees received in his administration of the sacraments. A deacon is not entitled to support from the Church in response to changes in his financial circumstances.

2. TAXATION

Apart from the untaxed winter fuel payment and TV licence, all income is assessable for income tax.

In our Diocese, the parish pays the National Insurance class 2 contributions for priests. Alternatively, a priest can pay National insurance direct and claim a refund from the parish. Either way this is treated as income for tax purposes. It is a criminal offence not to pay National insurance contributions.

By paying National insurance contributions clergy are eligible for the state pension and sickness/disability benefits.

The principal benefits in our Diocese are private health insurance premiums plus any excess on claims, food paid by the parish and accommodation services. It is not permitted for Clergy to receive a car from the parish.

Priests are responsible for their own taxation and should seek advice from their own advisers. Council tax on the presbytery is payable by the parish. Clergy must register with their local authority for Council Tax and to join the electoral roll. Single occupancy deductions are available and can be applied for where there is only one resident.

It is absolutely necessary to clearly separate church and private income because church income is also included in the assessment for taxation on benefits.

3. TRANSPORT

3.1 Cars

Clergy should either own or lease a car. The only funding a priest may receive for his car is through the HMRC authorised mileage rates of 45p per mile up to 10,000 miles per year.

Priests must obtain the Vicar General's permission before they take an interest free loan from their parish to buy a car. This can be for up to £10,000.

3.2 Mileage Expenses

The Arundel & Brighton expenses policy covers all business-related expenditure incurred by clergy and staff of the Diocese whilst travelling on business and other costs incurred in the performance of their duties.

Reimbursement will be made in accordance with the HMRC mileage rates outlined below: -

	First 10,000 business miles	Over 10,000 business miles
Cars	45p	25p
Motorcycles	24p	24p
Bicycles	20p	20p

The above rates are intended to cover all running costs associated with the use of clergy and staff personal cars on Diocesan business and no other business expenses, e.g. car wash, fuel and oil etc. will be reimbursed by The Diocese in this regard. The parish credit card must not be used to purchase fuel under any circumstances.

A record of business journeys made should be retained by both the parish and cleric for six years. The record should include date, destination, distance and at least broad purpose of the journey. Some use paper based systems. Microsoft 365 includes Mile IQ which will do it largely automatically.

All those driving on Diocesan business, are responsible for ensuring that their motor insurance policy covers them for business use, this extension to the insurance cover may result in additional cost which will not be reimbursed by the Diocese.

The Diocese accepts no responsibility whatsoever for any claims arising but will require confirmation that adequate cover is in place and a copy of the relevant insurance certificate. Clergy must ensure that their cars are roadworthy, have a valid MOT certificate and that the driver holds a valid UK driving licence and are not disqualified from driving. In all cases, detailed business mileage records must be kept substantiating any mileage claims.

The policy applies equally to expense claims, expenses incurred on credit cards, employee expenses paid through purchase ledger and petty cash claims.

4. HOUSING AND PROPERTY

4.1 Housekeeping costs

For the priests of the parish, accommodation costs are met by the parish including all utilities and Council Tax. Housekeeping expenditure is managed either by a sum paid into the priest's personal account for housekeeping or through use of the parish credit card. Parish Finance Committees should make provision for a minimum of £80 per week per priest for groceries and domestic needs, in addition to any entertaining costs. This should be paid by monthly standing order. Preferably, cash should not be reserved from the offertory to provide a housekeeping purse. The offertory collection should be banked in full as the 25% credit claimed through the Gift Aid Small Donations Scheme up to £8,000 per church per year is only available on cash donations that have been paid in at the bank. Priests must not use a personal credit card for domestic expenditure and seek reimbursement from the parish.

As an alternative to a housekeeping payment to the priest, the parish credit card can be used directly to fund domestic needs in the presbytery. Priests should not use the parish credit card for domestic purchases if they are in receipt of a housekeeping payment. **Receipts for all expenditure undertaken on a parish card are part of the accounting records of the parish, and must be retained in the parish office for six years.**

Media subscriptions for the presbytery such as TV and Broadband are viewed as a legitimate domestic / parish office cost to be met by the parish.

The costs associated with a priest's annual retreat and support group meetings are also payable by the parish.

Lodgers are not allowed to live in Diocesan properties (including presbyteries) without the express permission of the Bishop. Please contact him if you wish to have anyone staying in your Diocesan property for more than four weeks.

5. RETIREMENT PROPERTY

- 5.1 During retirement, the Diocese will ensure that suitable property is available, and will meet the cost of furnishing, maintaining and repairing the property, of its insurance, Council Tax, water and any ground rent. Heat, light and power is the responsibility of the retired priest to be met from retirement income. Please see the Priests' Retirement Policy.

6. INSURANCES

- 6.1 Diocesan insurance policies

Diocesan insurance policies are arranged through Catholic Insurance Services Ltd. All policies are available from the Finance Office in Hove.

We have insurance policies on all Diocesan buildings and contents, as well as for travel, healthcare and public liability. Please note that our Diocesan Travel Insurance covers clergy trips, but that these must be notified in advance to our insurance broker Catholic Insurance Services Ltd via E: enquiries@catholicinsuranceservice.co.uk

Please note that valuable items must be separately declared to the insurers via the Diocesan Finance Office, otherwise these might not be covered.

Personal accident and travel insurance cover any Clergy and (in the case of married clergy) their accompanying Spouse and/or Children normally resident in the United Kingdom, Channel Islands or Isle of Man. Retired Priests, including those resident in Eire are also covered. It is a requirement of the travel insurance scheme that all trips are notified to the insurer in advance: please contact the Finance Team in Hove for a form.

- 6.2 European Health Insurance Card

At present, the European Health Insurance Card (EHIC) gives you the right to access state-provided healthcare at a reduced cost, or sometimes for free, on the same basis as a resident of that country.

EHIC covers you for necessary treatment until your planned return. It also covers you for treatment of pre-existing medical conditions.

If you're using a European Health Insurance Card (EHIC) issued by the UK, this will still be valid until 31 December 2020.

7. HEALTHCARE

- 7.1 Health Care Scheme

Diocesan priests can subscribe to the Health Care Scheme provided by the Catholic National Mutual Healthcare Trust. This renews each April, but mid-year applications are considered.

The cost of membership is currently (2020) £375 per year (irrespective of age), and this is met in full either by the parish, for serving priests, or by the Diocese, for retired priests.

Scheme details can be provided by the Finance team in Hove or the Clergy Welfare Officer E: Annie.Condon@abdiocese.org.uk

Please note that the Health Care Policy is designed to dovetail with NHS provision. For example, the policy does not cover treatment for cancer or heart conditions. Clergy should always register with their local NHS medical practice.

8. LEGAL

8.1 Wills and Lasting Power of Attorney

The Diocese strongly recommends that Diocesan priests have LPAs in place and that sealed copies are lodged with the Vicar General, as for Wills and Funeral arrangements.

A Lasting Power of Attorney (LPA) is a legal document that lets an individual appoint one or more people (known as 'Attorneys') to help make decisions or to make decisions on the individual's behalf. This gives more control over what happens when, for example, a priest has an accident or an illness and is physically unable or cannot make decisions at the time they need to be made (especially if lacking in mental capacity).

If LPAs are in place, this will prevent many problems that will arise should a priest become incapacitated. It is highly recommended that a younger priest should be nominated as one of the Attorneys.

For further detail go to: www.gov.uk/power-of-attorney/overview

If a priest becomes incapacitated without an LPA then the Court of Protection will need to be petitioned and this will result in a Deputy being appointed to take control of the individual's affairs and they may not have any empathy with the priest's wishes.

The Diocese advises that an appropriate solicitor specialising in Wills and Trusts should be consulted in the first instance. If any priest feels that the financial outlay for a Will or LPA is unmanageable, he should contact the Diocesan Finance Office for financial assistance which will be supplied.

9. JURY SERVICE

Clergy are not automatically exempt from Jury Service, but can ask to be excused. The Courts Service will not automatically know of your circumstances or of the office you hold. You must tell them and ask to be excused when you complete the form of return.

10. MINISTRY TO PRIESTS

The Ministry to Priests programme was established to provide pastoral care and social support – by priests for priests. The cost of support provided by the Ministry to Priests is a parish expense, as is the cost associated with a priest's annual retreat.

APPROVAL

This policy was approved by the Diocesan Board of Trustees on:

8 July 2020

The next review is due by:

31 July 2022

APPENDIX – STATE PENSION AND BENEFITS

STATE PENSION

The State Pension is based on National Insurance (NI) contributions and is paid when you reach pension age.

The State Pension age is regularly reviewed to make sure that the State Pension is affordable and fair. People are living longer and spending a larger proportion of their adult life in retirement than in the past.

Pension eligibility is under constant review and state pension age is variable. It is therefore strongly recommended that you check your State pension age and obtain a forecast or statement of how much your pension will be. Further information can be found on:

<https://www.gov.uk/state-pension-age>

This website will enable you to calculate when you will reach state pension age, your pension credit qualifying age and when you will be eligible for a free bus pass.

Your State Pension is based on your National Insurance record when you reach State Pension age.

- You'll usually need to have 10 qualifying years on your National Insurance record to get any State Pension.
- You may get less than the full State Pension if you were contracted out before 6 April 2016.
- You may get more than the full State Pension if you would have had over a certain amount of Additional State Pension under the old rules.
- You'll need 35 qualifying years to get the full State Pension if you do not have a National Insurance record before 6 April 2016
- Seminarians, on ordination to the Diaconate, will be entitled to receive a grant to cover retrospective National Insurance contributions. This is done to ensure that you have sufficient NI contributions to ensure the correct State Pension. Please contact the Diocesan Finance office for further information.

The current 2020 full State Pension is £175.20 per week for those born after 1951.

If you are more than 30 days away from State Pension age, you can find out how much you will get by contacting the Future Pension Centre, on: www.gov.uk/future-pension-centre.

Claiming your State Pension

You will not get your State Pension automatically – you must claim it!!

The Pension Service should automatically send you a State Pension letter informing you of the process and steps to take. You should receive this letter no later than 2 months before you reach State Pension age.

If you do not receive this letter you can still claim. There are four ways to claim:

- online
- by telephone
- by downloading the State Pension claim form and sending it to your local pension centre
- from abroad, including the Channel Islands and the Isle of Man

Here is a checklist of what you will need to have to hand when you make your claim:

- your National Insurance number.
- your current address and postcode, plus your last two addresses
- your tax reference number (you can find this on HM Revenue and Customs forms or any letter you've had from them about tax)
- if you've ever lived or worked abroad, your social security number and the dates you were abroad
- the number for the account into which you wish your State Pension to be paid.

Pension Credit

Pension Credit is an income-related benefit made up of 2 parts - Guarantee Credit and Savings Credit.

Guarantee Credit tops up your weekly income if it's below £167.25 (for single people) or £255.25 (for couples). You do not pay tax on Pension Credit.

Your circumstances	Guarantee Credit per week	Savings Credit per week
Single people	Top up to £167.25	Up to £13.73
Couples	Top up to £255.25	Up to £15.35

You can calculate your pension credit eligibility on the Direct Gov website:

www.gov.uk/pension-credit-calculator

State Pension deferral

It is also possible to defer claiming state pension. State pension deferral simply means putting off claiming your state pension. If you want to defer, then you don't need to do anything until you decide to claim it.

Deferring your State Pension could increase the payments you get when you decide to claim it. Any extra payments you get from deferring could be taxed.

Over 80 Pension

The over 80 pension is a pension for people over 80 years of age.

To be eligible you must get either a basic State Pension (eligible if born before 6 April 1951) of less than £80.45 a week, or no basic State Pension at all.

It can give you £80.45 a week in the 2020 to 2021 tax year. www.gov.uk/over-80-pension

BENEFITS

Attendance Allowance

Attendance Allowance helps with extra costs if you have a disability severe enough that you need someone to help look after you.

It's paid at two different rates and how much you get depends on the level of care that you need because of your disability.

You could get £59.70 or £89.15 a week to help with personal support if you're both

- physically or mentally disabled
- State Pension age or older

It does not cover mobility needs. The other benefits you get can increase if you get Attendance Allowance. You do not have to have someone caring for you in order to claim.

Attendance Allowance is not means-tested: what you earn or how much you have in savings will not affect what you get.

Winter fuel payment

If you were born on or before 5 November 1953 you could get between £100 and £300 to help you pay your heating bills. This is known as a 'Winter Fuel Payment'.

You usually get a Winter Fuel Payment automatically if you are eligible and you get the State Pension or another social security benefit (not Housing Benefit, Council Tax Reduction, Child Benefit or Universal Credit).

If you're eligible but do not get paid automatically, you will need to make a claim.

Television Licence

If you're at least 75 years old and receive Pension Credit you can claim a free TV licence. The free TV licence will cover you and anyone else you live with, no matter what age they are. You can also get TV licence concessions if you're registered blind or (subject to certain conditions) if you live in nursing or residential care or in sheltered accommodation.

Council Tax

The Diocese/parish will pay your Council Tax bill.

If you live on your own, you are entitled to a single person's discount of 25 per cent on your Council Tax bill. If another person is staying in the property for more than four weeks, the Local Authority must be informed: please contact the Finance Office in Hove.