



THE EPISCOPAL DIOCESE OF WESTERN MASSACHUSETTS
"CELEBRATING GOD'S ABUNDANCE"

2026 Parish Budgetary Items & Year-End Financial Considerations

Parish Support for Common Ministry

The Bishop and members of Diocesan Council would like to express their deep gratitude to you, the congregations of the Diocese of Western Massachusetts, for fulfilling your assessment in support of our common ministry. We are dependent on each other to fund the work that needs to be done to support the ministries of all the congregations of the diocese and provide outreach to the greater church and to the world. Thank you for putting your trust in us and giving us the opportunity to serve you.

You can expect to receive a mailing during the week of November 17th with your congregation's Assessment for Common Ministry. If you have any questions, please contact the Chief Financial Officer, Kim Foster via email kfoster@diocesewma.org

Central Diocesan Payroll

The final payroll for 2025 will be run on Monday, December 15, 2025. Our payroll processor does not permit changes after this payroll is run as the figures from this payroll are those that will appear on the 2024 Form W-2. Therefore, we must be informed of payroll changes before this date.

The first payroll for 2026 will be run on Monday, December 29, 2025. If possible, please advise us of January 1, 2026 salary changes prior to this date.

Clergy Salaries

We are pleased to let you know that a new set of compensation guidelines has been established for clergy based on the work of the Clergy Compensation Task Force appointed by Bishop Fisher.

We hope your parish will give serious consideration to the compensation level you pay your clergy. We recommend a baseline cost-of-living increase of 3.5% for clergy and other employees. Additional compensation increases should be based on the financial health of the parish and the performance of the individual employee. For example, if an employee was recently hired, it may not be necessary to budget a salary increase. If the employee has not received an increase for quite some time and is a good performer and/or being paid below the compensation guidelines a salary adjustment based on merit may be warranted.

Clergy Pension Premiums

Enclosed is a worksheet with the formula for your use in computing the 2026 Church Pension Fund assessment as well as Social Security Add-On (see below). Once we have received the completed Clergy Pension and Social Security Add-on worksheet with changes for 2026, we will make the change to be reflected on the benefits billing statement included with the 2nd payroll mailing of each month. The Diocesan office then remits the clergy pension assessments to the Church Pension Fund on a monthly basis.

Clergy Social Security Add-on

[The self-employed social security rate for 2026 remains at 15.3% \(0.153\).](#) While clergy are employees for income tax purposes, they are considered self-employed for Social Security tax purposes. Each parish and mission pays ½ of the cost of the social security obligation of their clergy staff, comparable to the rate they pay for other employees. In order to calculate the figure for Social Security "Add-On", also called Clergy FICA, the parish should request a letter from a local realtor stating the fair market rental value of the rectory (unfurnished plus utilities). Once you receive the realtor's letter, please use the following method of calculation to determine the "Add-On":

If a rectory is provided:

Cash Salary + Fair Market Value of unfurnished Rectory **plus utilities** = Total Salary
Total Salary X 7.65% = Amount Paid toward Social Security on Clergy's behalf.

If clergy own their own home:

Cash Salary + Housing Allowance = Total Salary
Total Salary X 7.65% = Amount Paid toward Social Security on Clergy's behalf.

Clergy Housing Equity Allowance

Our diocesan convention adopted a resolution many years ago recommending that clergy living in church-owned rectories be provided with an equity allowance as part of their compensation. This allowance is paid to a 403(b) plan to recognize the need for housing upon retirement. The recommended formula is to double the amount of the cleric's contribution. For example, if the cleric contributes from 1% to 3% of compensation then the parish would contribute an amount equal to two times the clergy contribution.

It is recommended that the vestry/executive committee of congregations whose clergy live in church-owned housing consider the equity allowance and discuss its implementation for their clergy.

Clergy Renewal Leaves

Parishes are encouraged to budget \$500 per year for a renewal leave for their rector. Clergy are encouraged to take a renewal leave after five years as rector. Under the proposal, the diocese will partner with parishes and clergy in funding renewal leaves. Parishes are encouraged to set aside the budgeted funds in an escrow account until such time as the rector takes a renewal leave.

Lay Salaries

We encourage each parish to give serious consideration to the compensation levels being offered to lay employees. **Please refer to the enclosed 2026 Compensation Guidelines for Lay Employees.**

You are encouraged to pay attention to the **midpoint** for the appropriate salary range.

We recommend a baseline cost-of-living increase of 3.5% for clergy and other employees. Additional compensation increases should be based on the financial health of the parish, consideration of the salary range, and the performance of the individual employee. For example, if an employee was recently hired, it may not be necessary to budget a salary increase. If the employee is a good performer and has not received an increase for quite some time and is being paid below the mid-point of their salary range, we encourage the parish to consider an increase based on merit if warranted and sustainable.

We hope that each parish will also consider a system of performance appraisal/ministry review and annual salary review for all lay employees. Please contact Susan Olbon, solbon@diocesewma.org to obtain a sample copy of performance appraisal/ministry review materials that can be used for lay members of your staff. This information can also be obtained from the [Human Resources Documents page of the Diocesan website](#).

Lay FICA

Rates for your lay employees will remain at 7.65% for 2026. The maximum amount of annual earnings on which Social Security taxes are calculated for 2025 is \$176,100. The new maximum has not yet been published for 2026. 1.45% continues to be paid for Medicare coverage with no earnings limit.

Lay Pensions

Based on General Convention Resolution A138 passed at the 2012 General Convention, parishes are required to provide a lay pension benefit for those lay persons working a minimum of 1,000 hours annually.

If you have lay persons that work 1,000 or more hours per year and who are not currently enrolled in the lay pension benefit, please contact Susan Olbon at Diocesan House at 1-800-332-8513, Ext. 120 or email solbon@diocesewma.org for more information.

Massachusetts Minimum Wage

Please make note that the Massachusetts Minimum Wage is \$15.00 per hour.

Flexible Spending Account Benefit

This benefit is available for employees working 20 or more hours per week. This program allows employees to pay out-of-pocket medical, dental and dependent care expenses with pre-tax dollars, thereby providing the ability to stretch the "purchasing power" of their income. A summary of the plan appears below:

- Enrollment based on Plan Year (January 1)
- Plan will include both Medical/Dental option as well as Dependent Care
- **\$3,300** payroll deduction cap for medical/dental
- **\$7,500** payroll deduction cap for Dependent Care (**subject to change**)
- Employees working 20 or more hours per week are eligible
- Participation in Diocesan group insurance is not required

Each parish will be billed \$6.50 per month, per participant in the plan. Should one of your

participating employees leave during the year, the monthly administrative fee will continue through the end of the calendar year. The reason that the fee is billed through the end of the year is that the Plan is fully funded. This fully funded option means that if an employee leaves the employ of the parish during the year, the balance of the employees' contribution is taken from their final pay which allows them to use the full benefit through the end of the year.

The billing amount for the Flexible Spending Account (FSA) fee will be added to the monthly billing for benefits. For employees that participate in the plan, the amount that they designate as a contribution to their FSA will reduce the FICA and/or Social Security Add-On liability to the parish. Here is an example:

Employee earns \$25,000 and elects to contribute \$1,000 to the FSA.

- **Without FSA Election**

Salary \$25,000 x 7.65%

FICA/Social Security Add-On= \$1,913.

- **With FSA Election**

Salary \$25,000

FSA -1,000

 \$24,000 x 7.65%

FICA/Social Security Add-On = \$1,836.

Lay Life Insurance

As of this time, we have not received any updates to the group life insurance premium rates for 2026. Each parish and mission is required, by resolution of Diocesan Convention, to provide lay employees working 1,000 or more hours per year with life insurance coverage. The cost of the coverage is paid 100% by the employing parish. Lay employees are provided life insurance coverage through the Church Insurance Company at a level of **\$50,000** for employees working 28 to 40 hours per week **at a current monthly cost of \$24.00** or **\$25,000** coverage for those working 20 to 27 hours per week **at a current monthly cost of \$12.00**. If there is a change to these monthly rates for 2026, we will notify you.

2026 Monthly Medical and Dental Rates

Anthem Blue Card PPO 90 – 4.97% increase

Employee Only: \$1,289.

Employee +1 \$2,320.

Family \$3,609.

Anthem Blue Card PPO 80 – 4.06% increase

Employee Only: \$1,106.

Employee +1 \$1,991.

Family: \$3,097.

Anthem Blue Cross CDHP 15/HSA - 3.96% increase

Employee Only \$ 1,051.

Employee +1 \$ 1,892.

Family \$ 2,943.

Anthem Blue Cross CDHP 20/HSA – 4.00% increase

Employee Only \$ 937.

Employee +1: \$1,687

Family: \$2,624.

\$50/\$150 Delta Dental Comprehensive Plan – 1.09% increase

Single: \$ 68.

Employee +1: \$ 122.

Family: \$ 190.

2026 Property and Liability Insurance Rates

We anticipate that you will see an increase in the range of 13??% to the 2026 property/liability insurance premiums. Church Insurance will notify you directly with the new premium costs before the end of the year. Premiums are based on loss ratio (if any) and increase due to increased building values from updated appraisals as well as increased building costs.

You are strongly encouraged to reach out to Lianne Limoli of Church Insurance Agency with any specific questions or concerns you may have regarding the 2026 premium for your church. Lianne can be reached directly at 1-603-935-9265.

Workers Compensation Insurance

At this time, we believe that there will be no substantial increase to workers compensation premiums in 2026. The workers compensation premium is determined by using actual payroll figures from the prior year payroll reports. As with the property/liability insurance coverage, Church Insurance will notify you directly with the 2026 premium cost before the end of the year.

Diocesan Convention

Just as the Diocese has historically budgeted for the expenses associated with sending deputies to General Convention, parishes are encouraged to budget for expenses associated with sending clergy and lay delegates to Diocesan Convention each year. These expenses include the registration fee for each delegate, \$100 per person for the 2025 Convention, and may also include mileage reimbursement and lodging expenses.

Mileage Reimbursement

The current IRS standard mileage rate is 70 cents per mile. The 2026 rate has not yet been released by the IRS as of the date of this mailing.