

DIOCESE OF KNOXVILLE



Material Concerns Handbook

Promulgated By:

A handwritten signature in black ink, appearing to read 'Shelton J. Fabre'.

7-1-2023

Dated

Most Reverend Shelton J. Fabre

Apostolic Administrator for the Diocese Knoxville

Attested By:

A handwritten signature in blue ink, appearing to read 'Sean K. Smith'.

7-1-2023

Dated

Deacon Sean K. Smith

Chancellor



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PHILOSOPHY

This document is an attempt to pull together in one packet all the information regarding priests' salaries, benefits, and other material guidelines affecting the daily lives of priests in the Diocese of Knoxville.

For the Church to be an effective preacher of justice, it must appear just in the eyes of the world. Such justice is to be evident in the way the Church compensates its workers, including priests and religious. This call for justice in the payment of priests is a change in model away from the "fitting support" due to the holder of an office with a benefice attached, and to "just compensation for ministerial work completed on behalf of the Church. This change, begun at the Second Vatican Council and re-articulated in the 1971 Synod of Bishops and again in the U.S. Bishops' letter *Economic Justice For All*, is codified in the 1983 revision of Canon Law, canons 281 and 1286.

Salaries are no gauge of a priest's professional ability, nor can they fully represent the priest's value. While diocesan clergy do not explicitly take a vow of poverty, they are to live within the evangelical spirit of the Gospel's call to simplicity. Diocesan clergy should receive the necessary means to live decently, enjoy vacations and educational opportunities, pay for transportation costs, provide for health care and plan for retirement needs. Income for a diocesan priest should provide for his needs and enable him to contribute to charitable works. Every priest willingly sacrifices earning power for the good of the Church and the people of God.

Every diocesan priest is asked to do his best to live within the framework of these provisions and according to the spirit of Gospel simplicity. These guidelines are an attempt to help all priests practice the lifestyle of Christian stewardship; the care and responsibility of our time, talents and treasure, in a manner that is mature, responsible and dependable.

Any arrangements outside of the following policies for priests' compensation and benefits are to be approved in advance by the Bishop.

INCOME AND REIMBURSEMENTS

SALARY

Effective **July 1, 2023**, the current salary for priests serving in the Diocese of Knoxville is **\$46,800** annually. That is **\$3,900** monthly.

All priests are expected to take their full salary every month. If a priest wishes to donate some or all of his monthly salary to the parish or institution to which he is assigned, he certainly may do so, but only after having actually received the monthly salary from the parish or institution to which assigned. The priest medical premium withheld is **\$263.50** as of July 1, 2023.

PRIEST CAR ALLOWANCE AND MILEAGE REIMBURSEMENT RATES

For the fiscal year beginning July 1, 2023, the priest car allowance is **\$825** per month. Priests of the Diocese of Knoxville and those having assignments in the diocese are to be reimbursed for official (work related) mileage. Priests may seek reimbursement in one of two ways:

1. Effective **July 1, 2023**, the mileage reimbursement rate for the 1st quarter of fiscal year **2023-24** was adjusted to **8 cents** per mile for a priest receiving a car allowance.
2. Effective **July 1, 2023**, the mileage reimbursement rate for the 1st quarter of fiscal year **2023-24** was adjusted to **56 cents** per mile for a priest who does not receive a car allowance.

Mileage reimbursement rates will continue to be adjusted each quarter based on monthly average gasoline prices in East Tennessee for the prior quarter. These updated rates will be provided to priests and bookkeepers by the 15th of the first month of each quarter via e-mail for bookkeepers and via the *Notanda* for priests.

Priests are expected to maintain a certificate of insurance showing at least minimum limits of liability. Suggested minimum liability limits are \$100,000 - \$300,000 for bodily injury and \$100,000 in property damage or in the alternative, \$250,000 single limit. Uninsured Motorist Insurance is recommended at the same limits as liability. These are well above the state minimum.

(The Tennessee Code Annotated (TCA) 55-12-102(12) references minimum limits of liability for the state of Tennessee which currently are: **\$25,000.00** for one injury or death; **\$50,000.00** for all injuries or deaths; **\$15,000.00** for property damage for one accident).

REMUNERATION FOR PRIESTS WHO SUBSTITUTE IN PARISHES

Priests with an assignment & salary: \$25 per Mass + mileage + food (actual cost). This remuneration is to be paid to the substituting priest's parish/institution. (Note: An additional amount may be given to the individual priest, at the discretion of the pastor, as a freewill offering.)

The substituting priest's parish/institution is responsible to reimburse the priest for his gas mileage and food. The stipend goes to the parish/institution. This is a function of our priesthood and our salary covers all ordinary ministry expectations.

Retired priests or priests without assignment & salary: \$75 for first Mass and \$25 for each additional Mass + mileage (current per mile rate for a priest who does not receive a car allowance) + food (\$25 per day) and lodging if applicable.

STOLE FEES

Monies which are given to the parish for the celebrations of sacraments, e.g., baptism, marriage, funerals, etc., are the responsibility of the pastor of the parish. Income from such is considered an obligation of the parish and is as such listed in the income of the parish. The normal stole fee for such an occasion is considered to be \$15. Anything above \$15 goes to the priest himself.

No personal offering for the services of the priest is required. No service, of course, may ever be denied anyone who is unable to make an offering.

FOOD REIMBURSEMENT

Each parish/institution should budget \$500 per month per priest to cover food expenses. This amount should cover both meals prepared at the rectory and meals eaten out. Amounts going over this are to be covered by the priest. The priest must submit receipts and the \$500 per month will be reimbursed based on those receipts. (Note: A parish credit card may be used for both grocery store and restaurant purchases - so long as you retain and submit your receipts.)

CELL PHONE REIMBURSEMENT

It has become necessary to have a cell phone as a part of our ministry, especially for pastoral and sacramental emergencies. These phones are also available for personal use – so either the parish/institution or the individual priest can purchase the cell phone plan. If the cell phone plan is purchased by the priest, the priest must provide the parish/institution with the top page of his monthly cell phone invoice. Each parish/institution should budget up to a maximum of \$100 per month per priest to cover cell phone expenses. If a priest receives the cell phone reimbursement the cell phone number must not be restricted and your voice-mail message should include your clerical title and name (i.e. – “You have reached the mailbox of Father John Doe”).

OTHER INCOME

A priest has a right to any income received from activities performed outside his regular duties and which do not interfere with them, e.g., royalties, honoraria, extra clergy help. In keeping with canon 286: "Clerics are prohibited from conducting business or trade personally or through others, for their own advantage or that of others, except with the permission of legitimate ecclesiastical authority."

No priest with an appointment in the diocese is to receive more than one full-time salary. A priest receiving full-time compensation for his services from a source other than a parish or institution to which he is assigned must choose either his regular salary or the salary being received from the other source or a combination of the two to equal one full-time salary.

A priest who, in addition to his diocesan assignment, serves as chaplain in the Veterans' Administration or Reserves of the Armed Forces or the National Guard or in a similar paid position, is responsible for the compensation of his replacement during the time of his military service.

LIVING ARRANGEMENTS

All priests on assignment in the diocese are entitled to appropriate areas for living and working. It is the responsibility of the parish, institution or diocese to provide a priest with clean, acceptable, and reasonable office and household furnishing. It is the responsibility of the parish, institution or diocese to provide the priest with a room, reasonable housekeeping, laundry, and dry cleaning and local phone service. In multiple-priest rectories, with due respect to the pastor's responsibility for the parish, the spirit of fraternal charity should guide the use of parish resources and facilities.

Every priest is to receive room and board. Ordinarily the cost of room and board is borne by the parish/institution of his primary assignment. Room and board includes but is not limited to the following: housing, food, cell phone, internet services, Cable TV, laundry, dry cleaning, newspaper, utilities, office, furnishings and insurance on priests' personal property, garage/carport, etc. **(Note: The parish/institution should provide the basic (expanded) Cable TV package. Additional packages and/or premium channels are at the expense of the priest).**

A goal to work toward is the separation between working and living space. Therefore, meetings and other parish business should not take place in the private living space.

Where two or more priests share residence, the residence is equally the home of all priests residing there. While the pastor is the administrator, decisions affecting life in the home (i.e., pets, smoking, etc.) must be discussed and mutually agreed upon in the spirit of Christian fraternity. Common house areas (i.e., kitchen, living room, dining room, garage, basement, and corridors) should be clearly delineated and agreed upon by all priests living in the rectory and should not be accessible to the general public. This should also apply to the priest's private living quarters. The right of each priest to show hospitality and the right of each priest to privacy should be considered when hosting guests. Mutual concern should be the character of priests who share living arrangements.

Good stewardship assumes that diocesan clergy will keep rectories and furnishings updated and in good repair (i.e., painting, cleaning and periodic improvements of decor, furnishings and appliances). All parishes should be reviewed every five years for the express purpose of evaluating and suggesting possible improvements to living environments. When a priest moves, the rectory should be thoroughly cleaned for a new occupant. This needs to happen before the new priest arrives. The incoming priest should be able to make reasonable decor alterations. In keeping with Canon 282 priests are to cultivate a simple style of life.

ALTERNATE LIVING ARRANGEMENTS

The Pastor is obligated to reside in a parish house close to the church; in particular cases, however, the local ordinary can permit him to live elsewhere, especially in a house shared by several presbyters, provided there is a just cause with suitable and due provision made for the performance of parochial functions." Canon 533, n. 1. Similar provision is made for the parochial vicar (associate) in Canon 550, n. 1.

Parishioners have long expected and valued the availability of their priests. Priests are responsible for serving their people well. Recognizing the challenges and stress of a contemporary ministry, it is imperative that the priest live in a healthy living arrangement. Financial accountability and appropriate stewardship resources are expected of the priest. Priests who choose alternative residence must be forthright in presenting an adequate, but suitable financial arrangement.

If choosing an alternate residence, priests must receive permission from their Ordinary (a dispensation from Canons 533 and 550). Priests may choose to live together in a small community-type situation. Priests may choose to live alone off the parish property with the ordinary's permission.

TRANSFERS

For situations where a priest is transferred (or retires) on a day other than the first day of the month, the parish from which the priest is being transferred (or is retiring) pays the priest for the number of days he was assigned to the parish, based on a standard of 30 days in a month. The parish to which the priest is being transferred would pay the priest for the remaining days in the month. The intent is that a transferred priest receives a full month's pay in the month in which he is transferred and that the parish pay only for the actual time a priest is assigned to the parish.

MOVING EXPENSES

The moving expenses of a priest are to be paid by the apostolate he has served up to \$500. If necessary, (due to age or health) a priest with the approval of the Bishop may request professional moving assistance. At least two bids must be obtained and the apostolate he has served will pay the expense.

BENEFITS

HEALTHCARE

Every priest participates in the managed health care plan offered by the Priest Benefit Foundation. This includes health, dental, and vision care. The parish or institution to which he is assigned pays the employee portion of the premium is withheld from the priest's salary and then remitted through diocesan assessment (the priest pays \$263.50 per month as of July 1, 2023). Qualified medical/dental/vision expenses not covered by the insurance plan will be reimbursed by the Priest Benefit Foundation after a \$500 deductible. This includes all prescription medication. Application for such reimbursements should be made through the Human Resources Office of the diocese in a timely manner, not to exceed 6 months.

INSURANCE

Life Insurance:

Every priest enrolled in the diocesan health insurance program will be covered by the life insurance policy provided by the Priest Benefit Foundation.

Long Term Care Insurance:

Every priest over the age of 50 will be covered by either long-term care insurance or a long-term care reserve provided by the Priest Benefit Foundation.

Professional Liability Insurance:

The comprehensive personal liability coverage afforded under the diocesan certificate includes each priest on assignment within the diocese for his negligent personal acts. Professional liability coverage for priests is included in the General Liability portion of the diocesan certificate under sections for Counseling Errors and Omissions. This does not cover automobile liability.

Insurance on Priest's Personal Property:

Personal property of priests on assignment within the diocese is covered with a \$25,000 limit and a \$100 deductible. This coverage is on a replacement cost basis. Additional coverage is recommended at the priest's expense.

VACATION

Each priest is entitled to thirty (30) days annual vacation, including three weekends, either consecutive or non-consecutive, for which the parish will pay for a substitute. Additional weekends will be at the priest's own expense for coverage by another priest. Each priest is entitled to and is strongly encouraged to avail himself of one day off in each week. Time taken for meetings, conferences, and spiritual retreats shall not be considered to be a part of the allocated vacation time. However, leading or participating in an international pilgrimage or non-parish based mission would count against vacation time.

Every priest is expected to take an annual vacation. Every priest is entitled to a vacation regardless of the availability of substitute help. If he is unable to obtain substitute help, the Dean or Chancery should be contacted.

DAY OFF

Each priest is entitled to and is strongly encouraged to avail himself of one day off in each week. Every priest has the right to a twenty-four-hour day off each week free from all parish/ministerial obligations and responsibilities, with consideration for other assigned clergy and emergencies.

CONTINUING EDUCATION

Each parish is to budget \$1,500 for the continuing education of each priest of the parish. This is meant to cover expenses associated with spiritual direction, retreats, and days of spiritual development, continuing education, and support group participation.

RETREATS

A large group retreat for Diocesan priests is available and generally held in the fall (currently held at the Lake Junaluska Conference and Retreat Center in Lake Junaluska, N.C.) The priest is entitled to participate in other organized retreats or has the option of making a private retreat.

The cost of the annual diocesan retreat is covered by the parish/institution. All other retreat opportunities may be reimbursed by the parish/institution from the continuing education budget. (See Continuing Education above)

SABBATICALS

A "sabbatical" is defined as an extended period of time (not to exceed three - four months although it may be longer with the permission of the Bishop) away from a priest's normal assignment for the purpose of study in a formal program, approved by the Ordinary, to help the priest become spiritually more effective in his work - more skilled, more knowledgeable and more satisfied. (For further information see Diocesan Handbook 2.10 Sabbatical Policy, pages 1-3.)

RETIREMENT PLANNING AND TAXES

SOCIAL SECURITY

It is the policy of the Diocese of Knoxville that all priests shall participate in the Social Security program. While providing retirement payments, it also makes the priest eligible for Medicare and other benefits.

Priests are considered self-employed for Social Security tax purposes. The priest must pay both the employers and employee parts of Social Security which totals 15.3%.

A priest may begin drawing a reduced benefit from Social Security at age 62. (See Appendix I) Based on the average life expectancy table, this could be economically beneficial to some priests. Some priests may benefit more by taking Social Security at full benefit age. (See Appendix I) This is especially true if you expect to live well into your 80's. A priest may defer taking the Social Security benefit until age 70. Keep in mind, if you start drawing benefits at age 62, earned income in excess of an annual limit may cause a forfeiture of all or part of the Social Security payments received.

Pension is not counted as earned income for this purpose. In addition, the Diocese of Knoxville reimburses priests who are eligible for Medicare Part B for their premium as set each year by the Social Security Administration. A priest should seek professional advice when considering Social Security benefits.

RETIREMENT

Retirement: is defined as a priest who, with permission of the Bishop, is no longer engaged in full time pastoral ministry after the age of 65. This may be a situation where a priest will continue in some form of pastoral ministry which does not have the burden of administrative responsibilities.

At age 60, a priest should begin discussions with the Bishop about his plans for pastoral ministry after age 65. Every priest is encouraged to remain active in pastoral ministry to the extent that he is willing and able. Priests may request retirement at age 65 with permission of the Bishop. Following canon 538, at age 75 a pastor must submit his resignation to the Bishop.

Every priest is encouraged to make appropriate long-range plans for his senior years. These plans should include what he is going to do regarding pastoral ministry after the age of 65, *his* health, *his* finances and living quarters, etc.

A priest may begin receiving his pension between the ages 65 to 70, his Social Security between ages 62 to 70, and any payments from IRAs between ages 59½ to 70. Deferring these payments until a later time will increase benefits. A priest should consult with a financial planner to consider the advantages or disadvantages of these options. Note: priests who are ordained to the ministry of the Diocese of Knoxville or incardinated into the Diocese of Knoxville on or after May 15, 2014, will receive their payments from the *Priest Retirement Plan* at the age of 67. All other priests will receive their payments at the age of 65.

PENSION

In order to be vested in the pension from the Priest Benefit Foundation, a priest must serve for five years. A priest earns his full pension benefit over twenty-five years. The full pension benefit as of July 1, 2023, is \$2,175.00 per month. This benefit increases by two percent (2%) every year. Benefits are reduced proportionately for service of less than twenty-five years.

A priest may choose to continue in full time pastoral ministry beyond age 65 and draw his diocesan pension benefit as well as his salary for full time ministry. A priest may choose to postpone receiving his diocesan pension benefits until age 70. The later age increases monthly benefits. These benefits are calculated annually with the percentage of benefits depending upon his age when he begins receiving benefits. A priest must accept pension benefits at 70 whether he is in a full time assignment or not.

PENSION BENEFITS FOR THOSE WHO LEAVE ACTIVE MINISTRY OR DIOCESAN SERVICE

If, prior to the completion of five years of service or satisfaction of early retirement requirements, the service of a priest is terminated by excommunication or dispensation, or he departs the diocese without the approval of the bishop, he relinquishes all rights under the plan and is entitled only to a refund of any personal contributions to the plan.

In the event the service of a priest is terminated after five years of service by excommunication or dispensation or by separation from the diocese without the approval of the bishop of the diocese, he shall be entitled to a vested benefit. Benefits are reduced proportionately for service of less than 25 years.

403(b) RETIREMENT SAVINGS PLAN:

Effective January 1, 1998, priests can participate in the Diocesan 403(b) retirement savings plan. One may choose to annually contribute the maximum allowed by the IRS through payroll reduction. The parish or institution will match up to the first 3% of salary.

INDIVIDUAL RETIREMENT ACCOUNTS (IRA):

A priest should also consider setting up an Individual Retirement Account (IRA). Beginning in 2023, \$6,500 per year for those under 50 and \$7,500 per year for those 50 and older can be put into an IRA fund. Depending on the priest's retirement needs and tax situation, he can choose from the traditional IRA or Roth IRA. He should seek good financial advice when choosing an IRA.

TAXES:

A priest should have professional help with his taxes unless he is confident he can do his own tax preparation. Tax laws change every year and taxes for priests have unique issues.

There are special tax considerations for mileage, rectory expenses and professional expenses.

Priests may file taxes with estimated payments on a quarterly basis. These payments also include social security taxes.

Priests now receive Form W-2 to report earnings. They may, at their option, request payroll tax withholding. Withholding, when computed properly, relieves a priest of making quarterly estimated tax payments. Priests need to request additional Federal Income Tax withheld to offset their self-employment Social Security tax liability.

The IRS Audit Guidelines for Ministers stipulates that all ministers are to be considered employees for income tax purposes and, as such, are to receive Forms W-2 (Wage and Tax Statement) from their respective employers (parish, school, or Diocesan office) at the end of the tax year.

Priests are considered employees for income tax purposes. The IRS has ruled that priests remain self-employed for purposes of Social Security taxes. Some items of income are taxable for Social Security purposes, but not for income tax.

As employees, priests may take advantage of certain tax-saving measures to increase spendable income which is not available to self-employed persons.

Employer-paid benefits, such as health insurance and pension plan contributions, are not subject to either income tax or social security when provided for employees.

Priests may take advantage of tax-sheltered retirement savings plans, which allow the employee to defer income tax on a specific amount of salary set aside in a supplemental retirement plan. (See 403(b) Retirement Savings Plan)

Priests may contribute to Individual Retirement Accounts (IRA), if income maximums are not exceeded (very unlikely on a priest's salary). In the case of a regular IRA these are pretax dollars. One defers income tax until the time it is withdrawn. In a Roth IRA taxes are paid now, but not when withdrawn at retirement.

FINAL ARRANGEMENTS

Each priest should have on file in the Chancery Office a Durable Power of Attorney for Health Care (Health Care Agent), a General Power of Attorney, a Living Will and/or an Advanced Care Plan and a sealed Last Will and Testament. All of these documents should have original signatures and be notarized.

In addition, each priest should also have on file in the Chancery Office a list of his emergency contacts, an updated Unum Life Insurance Beneficiary Form and Funeral Planning Guide.

APPENDIX I
SOCIAL SECURITY RETIREMENT FULL BENEFITS

Full Retirement and Age 62 Benefits by Year of Birth	
If you were born:	Full Benefits would start:
1937 or earlier	65
1938	65 years and 2 months
1939	65 years and 4 months
1940	65 years and 6 months
1941	65 years and 8 months
1942	65 years and 10 months
1943 - 1954	66 years
1955	66 years and 2 months
1956	66 years and 4 months
1957	66 years and 6 months
1958	66 years and 8 months
1959	66 years and 10 months
1962 and later	67 years

Minimum age to retire is 62 years old. The percentage of benefits depends upon age of retirement for full benefits.

For example:

If your full benefit age is 65 and you retire at 62, then you will receive 80% of benefits.

If your full benefit age is 66 and you retire at 62, then you will receive 75% of benefits.

If your full benefit age is 67 and you retire at 62, then you will receive 70% of benefits.

*NOTE: There is a further breakdown in the reduced retirement rates by the number of months of age beyond 62 and prior to achieving full benefit age.

**NOTE ALSO: This schedule of benefits is a result of the 1983 amendments and could be updated at any time to further increase or delay the age for full benefits since this is not a matter of law.