

2026 BUDGET GUIDELINES

Episcopal Diocese of Chicago

Table of Contents

CLERGY MINIMUM FULL-TIME CASH COMPENSATION for 2026.....	2
CLERGY MINIMUM PART-TIME CASH COMPENSATION for 2026.....	2
CLERGY COMPENSATION IN EXCESS OF MINIMUM	2
SOCIAL SECURITY REIMBURSEMENT - SELF-EMPLOYMENT (SECA) TAX.....	2
CLERGY HOUSING ALLOWANCE (Section 107 of the IRS tax code).....	2
CLERGY CONTINUING EDUCATION.....	3
CLERGY LIFE INSURANCE	3
CLERGY MEDICAL AND DENTAL INSURANCE	3
MEDICAL AND DENTAL INSURANCE 2026 ANNUAL RATES.....	4
CLERGY DISABILITY INSURANCE.....	5
CLERGY PENSION.....	6
RETIREMENT SAVINGS PLAN (RSVP).....	7
CLERGY TRANSPORTATION	7
CLERGY VACATION.....	7
CLERGY FAMILY LEAVE	7
SUPPLY CLERGY RATES	8
COMMON MISSION SHARE PLEDGE GUIDELINES	8
COMPREHENSIVE GENERAL LIABILITY AND SEXUAL MISCONDUCT LIABILITY	8
FIDELITY BOND	8
LAY PENSION	9
LAY INSURANCE.....	9
LAY EMPLOYEE SHORT & LONG-TERM DISABILITY	9
LAY GROUP TERM LIFE AND AD&D	9

CLERGY MINIMUM FULL-TIME CASH COMPENSATION for 2026

- \$76,476 which includes: Cash Stipend, Self-Employment Tax and Cash Housing allowance
- \$55,757 which includes: Cash Stipend and Self-Employment Tax and assumes a residence and utilities are provided.

CLERGY MINIMUM PART-TIME CASH COMPENSATION for 2026

As passed by the 2020 Convention in Resolution F-183 (amended), part-time clergy are to be "compensated at a level commensurate with the number of hours the clergy is providing to the congregation as a percentage of full-time clergy compensation." For example, if a clergy member is expected to work 20 hours or less per week, the above figures would be reduced by 50%. It would be expected that this formula would be used to calculate any other schedule other than full-time. Note: These figures include SECA tax reimbursement and are adjusted relative to the Consumer Price Index by each Diocesan Convention.

CLERGY COMPENSATION IN EXCESS OF MINIMUM

Congregations are expected to consider additional cash stipend based on such criteria as tenure, parish size, parish growth, diversity in programming, performance, etc.

SOCIAL SECURITY REIMBURSEMENT - SELF-EMPLOYMENT (SECA) TAX

SECA/Social Security Tax Reimbursement has been included in the amounts in the Minimum Cash Compensation amounts. SECA Tax rate is 7.65% (one-half of the total 15.3%). The reimbursement is taxable.

CLERGY HOUSING ALLOWANCE (Section 107 of the IRS tax code)

The most important tax benefit available to clergy who own or rent their home is the housing allowance exclusion. Clergy who own or rent their home do not pay federal income taxes on the amount of their compensation that their employing church designates in advance as a housing allowance, to the extent that, the allowance represents compensation for ministerial services and it is used to pay housing expenses.

Only expenses incurred for the minister's primary residence are eligible for the housing allowance exclusion. Housing expenses to include in computing your housing allowance exclusion are below:

- Down payment on a home (but remember, a housing allowance is nontaxable only to the extent that it does not exceed the lesser of actual housing expenses or the fair rental value of a minister's home, furnished, plus utilities)
- Mortgage payments on a loan to purchase or improve your home (include interest, principal, and mortgage insurance)
- Rent for home, storage, garage
- Real estate taxes
- Property insurance
- Utilities (electricity, gas, water, basic cable TV, trash pickup, local telephone charges)
- Furnishings and appliances (purchase and repair)
- Structural repairs and remodeling
- Yard maintenance and improvements
- Maintenance items (pest control, etc.)
- Homeowners association dues.

Ministers who live in church-provided housing do not pay federal income taxes on the fair rental

value of the house. The fair rental value, furnished, plus utilities, plus any cash housing allowance, must be included in the self-employment tax computation. Ministers who live in church- provided housing and incur any out-of-pocket expenses in maintaining the house (such as utilities, property taxes, insurance, furnishings, or lawn care) should be sure that their employing church designates in advance a portion of their annual compensation as a housing allowance. The amount so designated is not reported as wages on the minister's Form W-2 at the end of the year (if the allowance exceeds the actual expenses, the difference must be reported as income by the minister). This is a very important tax benefit for ministers living in church-provided houses.

A resolution must be approved by the vestry or Bishop's Committee at the December meeting authorizing the amount of the Housing Allowance for the next year. A housing allowance must be designated in advance. Retroactive designations of housing allowances are not allowed.

It is important to note that the Housing Allowance is treated differently for:

- Income tax* purposes (it is **excluded**);
- Self-employment tax purposes (it is **included**)
- Pension calculation purposes (it is **included**)

*For income tax purposes, a housing allowance (subject to certain limits) is **not** included as taxable income for the priest. On your priest's W-2, the **cash** housing allowance (as approved by resolution) does not go in the box 1 marked "Wages, Tips, Other Comp". It should be reported by placing it in Box 14 marked Other and typing Housing Allowance next to it.

For more information, please refer to the [tax resources on the CPG website](#).

CLERGY CONTINUING EDUCATION

A minimum of \$1,000 must be provided for full-time clergy for actual expenses. Receipts should be turned in to the employer for reimbursement.

CLERGY LIFE INSURANCE

Church Pension Fund makes a life insurance benefit available under the Life Insurance Plan to eligible participants in the Clergy Pension Plan. If you die while an Active participant in the Clergy Pension Plan, your beneficiary(ies) will receive a life insurance benefit equal to six times your Total Assessable Compensation, up to a maximum of \$150,000. **A congregation or the individual clergy member may purchase additional life insurance within thirty days of employment.** Please contact Graicey Van Spankeren at (312) 751-4202 for this additional benefit.

The insured must pay income tax on the value of life insurance in excess of \$50,000. The imputed income amounts are forwarded to each clergy member toward the end of each calendar year.

CLERGY MEDICAL AND DENTAL INSURANCE

The minimum premium level to be paid by employers of full-time clergy in the Diocese for medical insurance shall be equal to the premium cost of the Consumer-Directed Health Plan (CDHP) with at least 75% of the deductible in a Health Savings Account (HSA) funded or the full premium cost of the Anthem BCBS BlueCard PPO 70.

At least 75% of the deductible in a Health Savings Account must be funded by the employer and would need to be established in January of the current year with full funding to occur either in January of the current year, quarterly in the year or on a monthly basis in the current year. Prorated amounts may **only** occur if a clergy member's hire date occurs within a calendar year. Each church must understand that if funding for the HSA does not occur in a lump sum in January of the current year, the clergy member may be required to fund their own medical/prescription payments out-of-pocket until their HSA is funded by the church.

The minimum premium level to be paid by employers of full-time clergy in the Diocese for dental insurance shall be equal to the premium cost of the Delta Dental Comprehensive Plan.

If the priest declines Family Medical and Dental Coverage: This is only recommended when the family medical and dental coverage is equal or better than that provided by the Diocese. The priest signs a waiver to forgo Diocesan coverage.

MEDICAL AND DENTAL INSURANCE 2026 ANNUAL RATES

Medical Plan Yearly Rates 2026	Single	Employee + 1 (Spouse or child)	Family
Employee Assistance Program Only (Employer paid only)	\$48.00	\$48.00	\$48.00
Anthem BCBS Consumer-Directed Health Plan (CDHP-20) + 75% of deductible* funded into HSA = Total Cost *Deductible: \$3,400 for Single tier; \$6,800 for Emp + 1 & Family tiers	\$12,552 + \$2,550 = \$15,102	\$22,596 + \$5,100 = \$27,696	\$35,148 + \$5,100 = \$40,248
Anthem BCBS PPO 70	\$14,328	\$25,788	\$40,116
Anthem BCBS PPO 80	\$16,680	\$30,024	\$46,704

Medicare as Secondary Payer Yearly Rates 2026 For employers with less than 20 employees	Single	Employee + 1 (Spouse or child)	Family
Anthem BCBS MSP PPO 70	\$11,436	\$20,580	\$32,016
Anthem BCBS MSP PPO 80	\$13,524	\$24,348	\$37,872

Dental Plan Yearly Rates 2026	Single	Employee +1 (Spouse or child)	Family
Delta Dental Basic	\$492.00	\$888.00	\$1,380.00
Delta Dental Comprehensive	\$744.00	\$1,344.00	\$2,088.00
Delta Dental Premium	\$984.00	\$1,776.00	\$2,760

The rates in the tables above reflect the full annual cost for each plan.

For more information on health or dental insurance, call Graicey Van Spankeren, 312-751-4202.

CLERGY DISABILITY INSURANCE

Short-Term Disability

The Short-Term Disability Plan is intended to provide an income replacement benefit to assist employers with expenses incurred if you are unable to work due to a short-term disability. To qualify, you must be an **Active** participant in the Clergy Pension Plan immediately prior to the time you become disabled (as defined below), your physician must certify that you are disabled, and CPF's Medical Board, designated as Aflac, must also concur. CPF may require that any determination of disability be made by an appropriate provider of CPF's choosing and at CPF's expense. CPF may also require treatment by what is determined to be an appropriate provider.

You will be considered disabled if you are unable to perform (or are limited in performing) the material and substantial duties of your own job for more than 14 calendar days due to illness or injury. (This 14-day period is referred to as an elimination period.) Interpersonal conflicts or environmental or other hazards in the workplace will not be a factor considered when determining whether you can perform your own job. You also will be considered disabled if you give birth to a child. (There is no elimination period if your disability is due to childbirth.)

Once approved for short-term disability, your employer will receive the benefits described below, but only if your employer continues to provide you with 100% of your compensation and benefits, including paying Assessments to CPF, that it was providing prior to your disability.

The weekly short-term disability benefit is equal to 70% of your weekly compensation on which Assessments were last paid, as determined immediately prior to your disability, less any formal salary continuation and wages, salary, or other compensation (excluding passive income). The maximum weekly benefit is \$2,000 in 2026.

Short-term disability benefits will begin once the 14-day elimination period, if applicable, has ended. Benefits will be paid for up to 24 weeks or until you are no longer disabled, if earlier.

If your disability is due to childbirth, short-term disability benefits will begin on the date that you give birth and will continue for 12 weeks (or longer, in accordance with the paragraph above, if you continue to be disabled).

Short-term disability benefits will end if

- the benefit is paid for the maximum period described in the two paragraphs above, as applicable, or
- you are no longer disabled, as defined under the Short-Term Disability Plan, or
- you are able to earn 80% or more of your Total Assessable Compensation, as determined immediately prior to your disability, or
- the Short-Term Disability Plan is no longer offered.
-

For more information, please refer to the [Short Term Disability Benefits page of the CPG website](#).

Long-Term Disability

If you are disabled for more than 26 weeks, you may be eligible for benefits under the Long-Term Disability Plan. The 26-week period is the elimination period for a long-term disability and equal

to the maximum short-term disability period. To qualify, you must have been an Active participant in the Clergy Pension Plan immediately prior to the date you were determined to be disabled under the Short-Term Disability Plan, your physician must certify that you are disabled (as defined below), and CPF's Medical Board, designated as Aflac, must concur.

You will be considered disabled if you are unable to perform the material and substantial duties of your own job for up to the first 24 calendar months following approval of benefits under the Long-Term Disability Plan. After this 24-month period, you will be considered disabled if you are unable to perform any occupation by which you are able to earn at least 80% of your Highest Average Compensation, as determined immediately prior to your disability. Interpersonal conflicts or environmental or other hazards in the workplace will not be a factor considered when determining whether you can perform your own job. CPF may require that any determination of disability be made by an appropriate provider of CPF's choosing and at CPF's expense. CPF may also require treatment by what is determined to be an appropriate provider.

For more information, please refer to the [Long Term Disability Benefits page of the CPG website](#).

CLERGY PENSION

The Clergy Pension Plan is provided to eligible Episcopal clergy serving in a domestic diocese of the Episcopal Church; their eligible surviving spouses or other named beneficiaries; and their eligible children. The plan is designed to offer a dependable source of income replacement in retirement.

This is a defined benefit pension plan, which provides a benefit based on a predefined formula that takes into account your years of service with the Episcopal Church and compensation history. Benefits are funded by employer contributions called Assessments (although there are certain limited circumstances when you may contribute yourself).

If (1) you are a deacon, priest, or bishop who is canonically resident in any diocese of The Episcopal Church, (2) your employer is subject to the authority of the Church (or is associated with the Church and has elected to participate in the Clergy Pension Plan), and (3) your employer is located in a domestic diocese of the Church, you **must** participate in the Clergy Pension Plan if you are

- expected to be regularly employed (as explained below) for five or more consecutive months by the same employer, and
- compensated* by your employer.

You will be treated as regularly employed if you meet **one** of the following requirements:

- You have a letter of agreement (or other contract of employment) with your employer
- You are duly called to your position by your bishop, vestry, or rector
- Your position has a formal title (for example, rector or priest-in-charge) indicating an ongoing substantial relationship with your employer
- Your employer issues you a Form W-2 (or equivalent)
- You are scheduled to work at least 20 hours per week

If you would otherwise meet the criteria for mandatory participation except that you are expected to be employed for less than five consecutive months, you and your employer may choose to participate in the Clergy Pension Plan if you have a letter of agreement (or other contract of employment) that provides for the payment of Assessments on your behalf by your

employer. Assessments are not required for retired clergy who are drawing their church pension.

For more information, please refer to the [Clergy Pension Plan page of the CPG website](#).

To ensure accuracy in pension assessments, changes in compensation must be reported to the Church Pension Fund. The formula for calculating the pension contribution is 18% applied to the total of cash salary, Social Security tax reimbursement, utilities, and housing.

To report a change in compensation, complete and submit a [New Assignment Notice and Change in Compensation form](#) or reach out to Graicey Van Spankeren at 312-751-4202. N

RETIREMENT SAVINGS PLAN (RSVP)

The Episcopal Church Retirement Savings Plan (RSVP) is a 403(b) tax-deferred retirement savings plan that gives clergy and lay employees in our **defined benefit pension** plans the option of contributing their own money toward their retirement savings.

RSVP features include:

- Pre-tax and after-tax contribution options
- Ability to transfer assets and change the allocation of future contributions online or by phone
- 24/7 access to your account
- Daily valuation
- Loan option
- Investment tools to manage risk
- Distribution option in retirement

Learn more from the [Retirement Savings Webinar Workshops](#) presented in partnership with Fidelity.

CLERGY TRANSPORTATION

Clergy must be reimbursed for actual travel expenses. Receipts and documentation should be turned in to the employer on a monthly basis. If payment to clergy for transportation is an allowance or flat amount and the actual travel cost is not accounted for, it must be included as a part of the cash stipend.

CLERGY VACATION

Four weeks per year, including five Sundays, for full and part-time employment.

CLERGY FAMILY LEAVE

A priest with at least one full year of employment with the church is entitled to leave if they or their spouse gives birth to a child(ren) or takes legal custody of a minor child who enters their home. This leave is for twelve consecutive weeks with full pay. If eligible, the congregation shall utilize short-term disability coverage. A priest with less than one full year of employment with the church may be allowed to take leave but must negotiate the terms of leave with the Vestry/Bishop's Committee.

SUPPLY CLERGY RATES

Weekend Supply Work

- \$200 for one service
- \$250 for two services
- \$300 for three or more services

Weekday Services Supply Work

- \$100 for one service
- \$75 each additional service

Consultant Rate

- \$50 per hour
- \$300 maximum per day

Clergy should be reimbursed for travel.

COMMON MISSION SHARE PLEDGE GUIDELINES

In November, congregations are asked to make an annual pledge to the diocese to support the common mission undertaken by our bishop. The diocesan canon regulating congregational giving is Canon 40. This pledge is voluntarily given and the diocesan convention has set guidelines for giving. These voluntary giving guidelines are based on a congregation's total plate, pledge, & other contributions to the general support of the church and all other revenue as reported in questions 3 and 5 under the Revenue section of the parish's annual parochial report.

- If the total amount reported in Questions 3 & 5 is under \$100,000 - Please pledge 11% of your income to the Diocese
- If the total amount reported in Questions 3 & 5 is 100,000-\$200,000 - Please pledge 13% of your income to the Diocese
- If the total amount reported in Questions 3 & 5 is over \$200,000 - Please pledge 15% of your income to the Diocese

COMPREHENSIVE GENERAL LIABILITY AND SEXUAL MISCONDUCT LIABILITY

Canon 39, Section 6 requires that all buildings and their contents be adequately insured and adequate insurance against liability and other insurable risks shall be maintained. Most churches in this Diocese are insured through Church Insurance Company (800-293-3525 for service; 800-223-5705 for claims). Insurance through another carrier **must** provide misconduct coverage which is comparable to the Church Insurance Company policy.

FIDELITY BOND

Canon 39, Section 3 requires that churches have treasurers and other custodians of assets adequately bonded. This coverage is part of the basic liability coverage on the Church Insurance Company policy and must be purchased if coverage is with another carrier.

LAY PENSION

Lay employees working 1000 hours or more per year (approximately 20 hours per week) must receive a pension contribution. The required employer contribution to a Defined Benefit Plan is at least 9% of salary. The required employer contribution to a Defined Contribution Plan is at least 5% of salary with a requirement to match employee contributions up to an additional 4%. Any lay employee expected to work 1000 or more hours per year must be enrolled in a lay employee pension plan immediately upon hire.

For more information about lay retirement options, please refer to the [Lay Retirement page on the CPG website](#).

For more information on the Lay Defined Benefit Plan, please refer to [the Lay Defined Benefit page on the CPG website](#).

For more information on the Lay Defined Contribution plan, please refer to the [Lay Defined Contribution page on the CPG website](#).

LAY INSURANCE

At the 2010 Chicago Diocesan Convention, the following Denominational Health Plan resolution was proposed:

Resolved, that any employee, clergy or lay at a parish or mission in the diocese, working a minimum of 1500 hours per year (approximately 30 hours per week) shall be provided equal access to health care benefits and must be treated equally with regard to cost-sharing of the plan premiums. Any employee working 20-29 hours per week may voluntarily participate. Parishes or missions will pay equal minimum amounts for both clergy and lay employees that work the required hours as set above. Under the terms of the DHP, clergy and lay employees who have healthcare benefits through approved sources will be allowed to waive healthcare coverage under the DHP and may choose to maintain their healthcare benefits through the approved source. (Examples of approved sources include coverage through a spouse or partner's employment, healthcare benefits through a government sponsored program or coverage from a previous employer). Coverage for healthcare benefits must be purchased through the Episcopal Church Medical Trust.

LAY EMPLOYEE SHORT & LONG-TERM DISABILITY

Enrollment for both short and long-term disability must occur within 30 days of employment. Please call Graicey Van Spankeren, Director of Human Resources at 312-751-4202 for more information.

LAY GROUP TERM LIFE AND AD&D

Episcopal Church employers may provide group term life insurance to lay employees through Church Life Insurance Corporation, a Church Pension Group affiliate. This coverage may be provided as a full benefit. Plans include coverage for accidental death and dismemberment and may also cover spouses and dependent children. There is no change to the group life insurance and AD&D premium rates for 2026.

For more information, refer to the [Group Life Insurance page on the CPG website](#).