



The Diocese of Long Island

The Episcopal Church in
BROOKLYN ■ QUEENS ■ NASSAU ■ SUFFOLK

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TO: Parish Treasurers

DATE: December 16, 2011

SUBJECT: *End-of-year Calculation of Excess Life Insurance Benefit for 2011 W-2's and Reporting of Changes in Clergy Compensation to the Church Pension Fund*

Calculation of "Excess" Life Insurance and Reporting on Form W-2

Since 2009 all active clergy have been provided with life insurance benefits up to a maximum of \$100,000 by the Church Pension Fund (the "Fund"). This is **in addition to** the \$50,000 coverage already being provided by each employer (parish, mission, diocese or church-related institution) to clergy. Present IRS regulations allow employers to exclude the **value** of group-term life insurance provided to employees to the extent that the total coverage does not exceed \$50,000. Accordingly, employers are required to calculate the imputed "value" of the excess coverage and report this amount as additional income on employees' W-2 forms. **The imputed "value" is NOT the actual cost** of the premium but rather the value of the excess coverage as established by the IRS¹. Please do not hesitate to call Peter Robey (516-248-4800, ext 13), our accounting manager, should you have any questions.

Reporting Changes in Clergy Compensation to the Church Pension Fund

The Fund recently mailed to all parish treasurers "Change in Compensation" forms for reporting adjustments to clergy compensation. If you are providing your clergy with a cost-of-living adjustment or there is any other change in compensation, now is a good time to report the changes to the Fund. If you have misplaced the form you may obtain one on line at www.cpg.org.

In January the Fund traditionally forwards to all members of the clergy "annual certificates" which report, according to Fund records, each cleric's compensation and Credited Service earned for the previous year. Please assist your clergy in reviewing the certificate to ensure that compensation has been properly recorded. All too often we encounter situations where benefits are lower than expected for clergy who are disabled or retired, or for surviving spouse benefits, because increases over the years were never received or recorded by the Fund.

cc: Rectors, Interims, Priests-in-Charge

¹ If you have already been provided by my office with the specific computation of the "imputed income" for your clergy please follow the instructions on that memorandum.

The Right Reverend Lawrence C. Provenzano, *Bishop*

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