

Western Regional Conference

Minister's Personal Finances Part 2

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Minister's Personal Finances – Part 2

Ministry Expense Accounts

Housing allowances for personal homes

Planning your Long Service Leave

Motor vehicle purchases

Minister's Personal Finances – Part 2

To begin with...

Talk to your Parish Council

- Budget time, beginning of the new year, with new parish council and BEFORE you start at a new parish get it in writing !

Make sure you BOTH understand your entitlements

- Saves grief later on!

Read and understand the Diocesan Guidelines

- Copy on the CD you have received

If in doubt, call Clergy Services

- Contact details in material

Minister's Personal Finances – Part 2

Ministry Expense Accounts (MEA)

What are they ?

- Used to record the 'ministry related expenses' of ministry staff
- In the form of Parish owned bank accounts and as liabilities of ministry staff
- NOT solely controlled by minister; can be signatory
- Personal vs. Parish credit cards

Who can get one ?

- Taxation Ruling 92/17
- 'Religious Practitioner'

What can they be used for ?

- Australian Taxation Office view – broad interpretation
- Sydney Diocesan view – prudent interpretation
- Only for payment of ministry related expenses per the Diocesan Guidelines

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Ministry Expense Accounts (MEA) - cont'd

How to administer an MEA

- KISS principle
- Negotiate with Parish Council what the parish will pay and what will be paid from the amount set aside in a MEA
- Payment upon reimbursement, not in advance of incurring expenditure
- Where possible parish pays direct to third party
- Accumulated MEA account pay out (taxable); roll over to next year use for large purchase (e.g. car, computer)

Allowance vs. reimbursement

- Tax implications if paid incorrectly
- TR 92/15

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Ministry Expense Accounts (MEA) - cont'd

Example:

The Parish of St. John's determines that mobile phone costs be paid from the minister's MEA:

The **WRONG** way: Allowance (assessable in hands of minister)

At the beginning of each month the parish places a predetermined amount of \$250 into the personal account/credit card of the minister. The minister then uses these funds as and when the bill comes in to be paid.

The **CORRECT** way: Reimbursement (non-assessable)

The minister presents his mobile bill for payment, deducting personal usage. The Parish pays the bill directly to the provider OR reimburses the minister directly for an exact amount

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Housing Allowances for personal homes

When ministry staff live in their own home

- Housing allowance payable in addition to stipend, travel allowance etc
- Administered through a MEA
- Negotiate with Parish Council amount of allowance
- Loan repayments made direct to third party lender by parish
- 'Redraw' and 'Equity' accounts OK
- 'Offset' accounts not effective, as not paying loan off direct

When ministry staff live in a parish residence and own another

- Not ministry related expenditure in terms of Diocesan guideline

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Planning your Long Service Leave

Current system

- 10 weeks for 10 years of service
- More than 10 years service 5 weeks per 5 years
- Resignation/Retirement paid out prorata after 10 years service
- Entitlement 'portable' between diocese
- Paid for by the parish via Parish Cost Recoveries system each mo

Housekeeping before you go

- Archdeacon's consent
- Notify Clergy Services ASAB months notice

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Planning your Long Service Leave - cont'd

Entitlements during your leave

- Normal stipend and allowances (except for travel variable entitlement) paid by parish
- Parish reimbursed by LSL fund at a notional stipend rate (\$7,792 p \$41,206pa)
- PLUS a bonus! – the supplementary allowance of \$632 pw paid from the LSL fund to the parish, then passed on to minister after tax

Retirement or resignation

- Take it before you go!
- Take it as it accrues

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Motor vehicle purchases

Purchasing options

- Parish buys the car/have an agreement in place
- Minister buys the car/parish pays third party directly using funds set aside in MEA designated as travel allowance (fixed and variable)

Getting the best deal

- Obtaining fleet and other discounts do your homework first!
- ACS Fleet 1300 729 322
- SMB Fleet Management 0452 9600 www.smb.com.au
- Southgate Fleet Management 1300 132 725 www.southgatefleet.com.au
- Letter from Clergy Services

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