

Financial considerations for clergy

Financial considerations are seldom uppermost in the mind of ministry staff when they are ordained, move parishes, resign or retire. However, parish clergy need to be aware there some aspects and conditions of the remuneration package they receive that deserve particular attention as the choices they make can have significant financial consequences.

SDS is not permitted to provide individual clergy with financial planning advice. We recommend clergy consider obtaining advice from a qualified professional who can take into account their particular circumstances and objectives and provide advice tailored to their specific needs.

There are some key times in ministry when particular care and attention should be given to the financial effects of a proposed change in circumstances. In particular –

- 1) **Ordination** – the calling implies a life involving ministry and service in a number of different parishes. The prospect of having to relocate has implications for family life (eg. children's education) and home ownership (it is usually not possible to conduct ministry from a home you own) –
 - a) Children's schooling –
 - i) Be prepared to change schools or travel out of area.
 - ii) There may be discounts available on fees at an Anglican school.
 - b) Home ownership –
 - i) It may be difficult to save for a deposit.
 - ii) Capital gains tax will apply to any profit on sale of a property that is not your principle place of residence.
 - iii) Having lived in residences provided by the parish you may have no home to go to on retirement unless you plan carefully and begin to make provision well before retirement.
 - c) Superannuation –
 - i) The compounded earnings and aggregated contributions paid on behalf of parish clergy, while generous by most community standards, are unlikely to be sufficient on retirement to allow a minister to both fund a home and meet normal living expenses.
 - ii) In choosing a superannuation fund be aware that funds offering higher returns may also involve higher fees, and self-managed funds involve a higher level of personal responsibility.
- 2) **Moving parishes** –
 - a) Accrued Annual Leave – it is usually more advantageous to take leave before moving, rather than be paid a lump sum for any accrued leave as –
 - i) payment for accrued leave may attract a higher rate of tax than would apply if the leave is actually taken (although the total net payments received may be higher if accrued leave is paid out and a new ministry position starts immediately), and
 - ii) the variable portion of any travel benefit and any other work-related benefits included in your normal remuneration package are not payable when accrued leave is paid out.
 - b) Long Service Leave –
 - i) There will be no contributions paid, and no period of service recorded, in respect of any gap between the last day licenced to the one parish and the first day licenced to the next parish.
 - c) Stipend Continuance Insurance – it is highly desirable to ensure the period of the new licence starts immediately (ie. the next day) after the previous licence ends as –
 - i) There will be no premiums paid, and hence no cover available, for an accident or illness occurring during any gap between the licences.
 - d) Housing – it is usually more advantageous to take the majority of any annual leave due before moving as –
 - i) The requirement for the parish to provide free use of a residence ends on the last day licenced to the parish (and does not include the period of any accrued annual leave).
 - e) Stipend and benefits –

- i) The recommended minimum stipends and benefits outlined in the Remuneration Guidelines are recommendations only. You will need to negotiate and agree the details of your remuneration package with the parish to which you are moving.

3) Resignation (from Anglican ministry) –

- a) Accrued Annual Leave – it is usually more advantageous to take leave before resigning, rather than be paid a lump sum for any accrued leave as –
 - i) payment for accrued leave may attract a higher rate of tax than would apply if the leave is actually taken (although the total net payments received may be higher if accrued leave is paid out and a new non-ministry employment position starts immediately), and
 - ii) the variable portion of any travel benefit and any other work-related benefits are not payable when accrued leave is paid out.
- b) Long Service Leave – it is advantageous to take most of the LSL due before resigning, rather than be paid a lump sum for any accrued LSL as –
 - i) There will be no sabbatical allowance paid in respect of any accrued LSL.
- c) Stipend Continuance Insurance –
 - i) There will be no premiums paid, and hence no cover available, for accident or illness occurring after the last day licenced to the parish.
- d) Housing – it is usually more advantageous to take the majority of any annual leave due before resigning as –
 - i) The requirement for the parish to provide free use of a residence ends on the last day licenced to the parish (and does not include the period of any accrued annual leave).

4) Retirement –

- a) Accrued Annual Leave – it is usually more advantageous to take leave before resigning, rather than be paid a lump sum for any accrued leave as –
 - i) payment for accrued leave may attract a higher rate of tax than would apply if the leave is actually taken, and
 - ii) the variable portion of any travel benefit and any other work-related benefits are not payable when accrued leave is paid out.
- b) Long Service Leave – it is advantageous to take most of the LSL due before resigning, rather than be paid a lump sum for any accrued LSL as –
 - i) There will be no sabbatical allowance paid in respect of any accrued LSL.
- c) Stipend Continuance Insurance –
 - i) There will be no premiums paid, and hence no cover available, for accident or illness occurring after age 65.
- d) Housing – it is usually more advantageous to take the majority of any annual leave due before retirement as –
 - i) The requirement for the parish to provide free use of a residence ends on the last day licenced to the parish (and does not include the period of any accrued annual leave).
- e) Moving costs –
 - i) The Diocese provides assistance in the form of a full or partial reimbursement of the removal costs.