Archdiocese of Boston
Parish Services

Cemetery
Budget Information Guide
Fiscal Year 2020

April 2019

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LAY COMPENSATION and BENEFIT COSTS
Section I

Lay Compensation and Group Benefit Costs

Lay Compensation

- Lay staff salaries should be based on planned performance review for budgetary purposes.
- The parish will make the determination of whether an individual providing services to the parish should be classified as an employee or as an independent contactor. This determination is based on specific criteria guidelines. For information to assist in determining whether an individual is an employee or independent contractor please consult the 2008 Advisory from the Attorney General's Office at: **www.mass.gov/ago/docs/workplace/independent-contractor-advisory.pdf**.

Social Security & Medicare

The employer is liable for Social Security & Medicare taxes as follows:

- Social Security: 6.2 % on gross salary up to $132,900 for period Jan 1, 2019 to Dec. 31, 2019.
- Medicare: 1.45% on gross salary for the period Jan 1, 2018 to Dec. 31, 2019.

Medical & Dental Insurance Costs

The guideline for employer share of the total health insurance premium is as follows:

Enhanced Health Plan		
	Parish/School	Employee
Individual	75%	25%
Family	60%	40%

Basic Health Plan		
	Parish/School	Employee
Individual	85%	15%
Family	65%	35%

Lay Compensation and Group Benefit Costs

The total annual cost, for **budgetary** purposes only, are provided below based on the above guidelines. Each parish/school needs to evaluate the relevant percentage of this cost that can be covered by the parish based on their individual budgetary constraints. This budget amount is based on the current monthly rates as of October 1, 2018 with no increase estimated for the two health plans and a 3% increase estimated for the dental plan. Dental coverage is paid in full by the employee and should not be included in the medical cost.

Enhanced Health Plan

Total FY Cost	Medical Plan
Individual	$9,336 per employee
Family	$23,375.52 per employee

Basic Health Plan

Total FY Cost	Medical Plan
Individual	$8,356.92 per employee
Family	$20,923.56 per employee

Dental Plan

Total FY Cost	Dental Plan
Individual	$581.23 per employee
Family	$1,330.93 per employee

Lay Compensation and Group Benefit Costs

Medical Insurance for Temporary Employees

Pursuant to the Patient Protection and Affordable Care Act (PPACA), employees scheduled or reasonably expected to be compensated for 30+ hours per week must be offered medical insurance coverage no later than 90 days from date of hire. Therefore, when budgeting for employees who are considered "temporary," including substitute teachers or per diem employees, locations should include the cost of medical insurance (and dental insurance if paid for by the location) if these individuals will be compensated for 30+ hours per week for more than 90 days.

Group Life Insurance, Long-Term Disability, Transition Assistance Program, and Retirement Plan

An employee becomes eligible for coverage in the Group Life Insurance, Pension and LTD Plans after working one continuous year as a full time employee. To be considered a full time employee, the employee must work 1,000 hours or more in a year.

Group Life Insurance ($0.221 per $1,000 if Covered Amount) based on eligibility

The life insurance benefit is 2 times annual salary for employees up to age 65; 1.6 times annual salary for employees age 65-70; 1.2 times annual salary for employees age 70+.

Long Term Disability ($0.24 per $100 of covered salary per month) based on eligibility

The salary used for calculating premiums for long term disability is the employee's annual salary .

Transition Assistance Program (TAP) (0.375% X Salary) based on eligibility

The RCAB is not eligible to participate in the Massachusetts unemployment insurance program. The Transition Assistance Program (TAP) was instituted in the 1990's as a self-funded unemployment program that provides eligible employees with unemployment benefits comparable to state unemployment benefits. Premiums are charged to all parishes for the TAP program as a premium of .375% of covered salaries (or .00375 times salary).

Lay Compensation and Group Benefit Costs

401(k) Retirement Savings Plan (4.15% or 0.0415 X Salary) based on eligibility

All benefit-eligible lay employees of RCAB are automatically enrolled in the 401(k) Plan with a 3% pre-tax payroll deduction during the first pay period following 45 days after hire date. Employees may opt out of this automatic enrollment or may decide to defer more or less than 3% of pay.

All lay employees who meet the eligibility criteria below are entitled to a 401(k) Plan employer contribution from the parish of 4.15% of eligible wages (4.0% into the employee's account, and 0.15% to offset Plan expenses) effective January 1, 2016:

a) The employee has worked at least 12 months and

b) has worked 1000 hours during those 12 months of employment

c) has reached age 21

Effective January 1, 2016, the employer contribution formula changed to a dollar for dollar matching contribution on the first 3.0% contributed, plus a 50 cents on the dollar matching contribution on the next 2.0% contributed. Thus, a lay employee must contribute at least 5.0% of his own compensation to receive the full 4.0% employer contribution. All wages are considered 401(k) eligible effective January 1, 2016. Imputed income and non-taxable reimbursements are not considered eligible wages. Because all benefit-eligible lay employees are being encouraged to contribute this minimum amount, ***for budget purposes, an amount of 4.15% of payroll wages should be used for the 401(k) retirement plan.***

Also, for budget purposes, the parish/cemetery will need to include an amount for the prior frozen Defined Benefit Pension Plan as well. This Plan billing was communicated to parishes in December 2011 as a bulk amount, not tied to specific employee participation in the Pension Plan. This bulk amount that is currently billed on your monthly central billing statement should be used as the budget amount in the line item 5106 Pension Plan for FY 2019.

NOTE: The Retirement Plans are the only plans that have an age requirement. The Group Insurance and Long Term Disability Plans require only for the employee to work 1,000 hours or more per year.

INSURANCE COSTS

Section II

Insurance Costs

The July renewal period is fast approaching and we have been monitoring the market activity to aid in the development of accurate budgeting models for insurance and risk costs. Last year saw an increase in our claim activity over the prior 2 years, both in property claims and liability claims. In addition, the global catastrophe activity during the last 12 months has been quite high at more than $71 Billion, which is the 3rd highest in the last 8 years. In spite of these negative trends, an abundance of capital (and as a result, competition) has contributed to the mitigation of premium impact from those catastrophe figures, keeping increases generally below 10% for clients with minimal or no losses.

Please note that the minimal increases noted below are for budgeting purposes only and for the property program, also please take into account the increases in the insured values of our buildings due to the increased cost of construction.

The exposure and loss activity in the Crime program is an area that continues to hold our attention. Implementation of, and compliance with, the necessary internal controls, such as tamper proof bags for offertory, is a critical step in mitigating these losses and the adverse impact on premiums. The close examination of this process and claim activity by our insurers may result in a two-tier premium for theft of cash coverage; this would be in the form of a considerably higher premium, or deductible, applied to parishes that do not have the recommended internal controls in place. The higher premium for those locations not in compliance may potentially add as much as $750 to the parish's annual premium, or $1,000 in additional deductible. We will provide additional information as we continue our negotiations this year and any changes become more defined.

We will continue to strive to develop effective education programs and bring them to our parishes in our efforts to continue to bring safety to your staffs and parish communities, as well as financial benefits to your parishes.

Insurance Costs

We are just beginning the renewal process and negotiations, and must be cognizant of the fact that should our loss experience deteriorate in the interim, or if there is additional catastrophe activity around the globe, our negotiations and costs could be adversely affected. With those considerations in mind, the Office of Risk Management is recommending conservative planning in your budget preparations.

Estimated insurance cost ***adjustments*** for FY 2020:

Property insurance premiums: 10%	Crime: 7%
Boiler and machinery: 8%	Auto: 7%
General liability: 7%	Scheduled property program: 0%
Workers comp. : 0% *	

* Note: The Workers Comp. rate change will be between 0 to -3.6% decrease due a variety of reasons, including change in payroll, class codes, etc.

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CAPITAL ACQUISITIONS & IMPROVEMENTS

Section III

Capital Acquisitions & Improvements

Capital Expenditures

All expenditures, subject to the following conditions should be recorded in the 7000 series in the chart of accounts. In general, any acquisition with a life expectancy greater than three years and a cost of $3,000 or more should be recorded to the 7000 account series. All projects should be assigned a unique identifying code which should be included in the QuickBooks memo for each payment.

Land and Land Improvements

Include all acquisitions of land and any pertinent purchase costs, regardless of the dollar amount in account number 7001. Include expenditures for parking areas, drainage, sewers, cabling, fences, and non-routine landscaping or shrubbery costs, if the costs are $3,000 or more in account 7001–Acquisition/Improvement–Site/Land. If a project costs less than $3,000, and/or if the project relates to routine maintenance (cutting the grass, snowplowing, etc.) the costs should be recorded to account 6308- Maintenance Grounds.

Note: if individual capital improvements less than $3,000 are part of an overall project that costs more than $3,000, they should be recorded in account number 7001-Acquisitions and Improvements/Sites.

Buildings and Improvements

Include the purchase of all buildings and their acquisition costs, regardless of the dollar amount, in account number 7003. Include the acquisition of the structural shell and all other integral parts including heating equipment, plumbing, central air conditioning, elevators, etc. In addition to these costs, new construction or renovations should also include architectural and other professional fees, site preparation, legal fees and interest during construction, etc. in account 7003. Improvements that cost less than $3,000 per event or project should be recorded in building maintenance. Additionally, if improvements do not increase the useful life of the building, provide a betterment, adapt the property to a new use or are routine building maintenance the costs should be coded to 6309–Maintenance Buildings.

Note: if individual projects/invoices or improvements less than $3,000 are part of a larger project or action plan that costs more than $3,000, they should be charged to the appropriate account(s): 7003-Acquisitions and Improvements/Buildings.

All building alterations that enhance the estimated useful life of the building, should be recorded in 7003-Acquisition and Improvements/Buildings. Note: consider entire contracts and project expenditures when evaluating costs as capital expenditures.

Note that roof repairs should be closely reviewed to determine whether they truly add to the estimated useful life as originally estimated. Interior painting costs that are not part of a larger project, acquisition or addition should be coded to 6309– Maintenance Buildings.

Capital Acquisitions & Improvements

Furniture and Fixtures

Furniture and fixtures include: furniture, machinery and equipment such as computers, desks, smart boards, etc. These should be recorded in account 7002 - Furniture & Equipment if costs exceed $3,000 per item. Group purchases of furniture and fixtures that exceed $3,000, even if individual items do not meet the guidelines, should also be recorded in account number 7002.

For example, a school may purchase 10 or more computers at a time, a rectory may place air-conditioners in each of six rooms, and a bedroom set may be purchased. A combination of disparate items may also qualify as a capital acquisition as in the purchase of a computer, monitor, printer, desk and the necessary software if the total is equal to $3,000 or more and if these items are purchased as a group or in a relatively short time frame as part of the same project. When groups of items are purchased, the QuickBooks memo should clearly identify what purchases are part of that group or project.

Automobiles, Trucks, Plows, Tractors, etc.

All vehicle purchases should be recorded in account number 7004 - Acquisitions of Vehicles if the cost is $3,000 or more and the estimated useful life is three years or more. If an outside loan was obtained to purchase a vehicle, the total loan balance should be recorded as a credit to 2899 - Other Indebtedness with an offsetting debit against 7004. The deposit related to the loan should also be recorded against 7004.

Repairs

Repairs should only be recorded to the 7000 account series if they are considered an improvement to an existing asset that would extend the useful life greater than three years and the cost is $3,000 or more. Only repairs that materially increase the value of an item should be recorded to the 7000 account series. Repairs for normal wear and tear should not be recorded to the 7000 account series.. Repairs to physical plant, boilers, central air units, etc. should only be recorded to the 7000 account series if the repair extends the life of the asset a year or more **beyond the original expected** life or if the repair involves replacement of a major component. An example of a major component would be the engine in a car, not the battery or a starter.

Capital Campaigns

All fundraising expenses for Capital Campaigns should be coded to 6701– Fundraising Expense as incurred and never recorded to the 7000 account series. Capital Campaign revenue should never be entered in the 7000 accounts. Only direct project/building or acquisition costs relating to a Capital Campaign should be recorded to the 7000 account series.

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