

For Parishes, Schools and Cemeteries throughout the Diocese of Winona

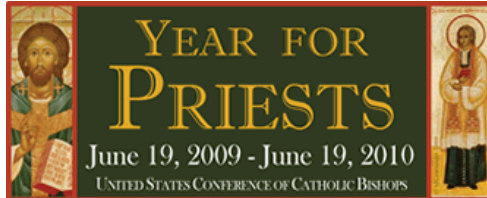
From the Desk of the Director: Pension Plan for Priests

Larry Dose • ldose@dow.org

During this “Year for Priests” I would like to shine a spotlight on the Pension Plan for Priests of the Diocese of Winona (PPP). The Office of Finance at the Pastoral Center provides accounting and administrative services for the Pension Plan for Priests.

From 1935 until 1972 the entity that provided pension and disability benefits for priests in the Diocese was known as the “Clerical Association of the Diocese of Winona.” In 1972 under the direction of Bishop Watters, it became known as the “Bureau of Priest Retirement” and had plan documents defining retirement benefits and pension eligibility requirements for member priests. In 1995 under the leadership of now Archbishop Vlazny, new plan documents were promulgated. The new plan was called “The Pension Plan for Priests of the Diocese of Winona.

The PPP is a legal Trust set up within the



Diocese of Winona. All the assets of the pension plan are held within the Trust and funds are not comingled with the Diocese of Winona. The Plan is administered by a Board of Trustees that include Bishop Quinn, three elected clergy members representing three distinct groups based upon years ordained, and three lay persons appointed by the Bishop of Winona. The Diocesan Director of Finance attends the meetings as the plan administrator. Also, the Vicar General for the Diocese serves in a non-voting advisory capacity on the Board. The Board of Trustees meets three times per year.

PENSION PLAN FOR PRIESTS, continued on page 2...



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Benefits & Human Resources - Unemployment

Krissa Hilger • khilger@dow.org

I am often asked by parishes if they are required to pay unemployment. Following is the Minnesota state law regarding unemployment coverage:

Participation - Minnesota Statute 268.035, subd. 20 (7) states: “employment for a church or convention or association of churches, or an organization operated primarily for religious purposes that is operated, supervised, controlled, or principally supported by a church or convention or association of churches described in United States Code, title 26, section 501(c)(3) of the federal Internal Revenue Code and exempt from income tax under section 501 (a)” is not covered employment.

Therefore, an employer meeting those requirements is not required to pay unemployment insurance (UI) tax or reimburse benefits. Most parishes do meet that criteria and are exempt from paying UI tax or benefits. If a school is separately incorporated from the parish(es), it is **not** exempt from UI tax or benefits.

Some parishes do choose to participate in unemployment. It is a small added expense; however, it is a socially just thing to do for employees. When a job is eliminated or an employee is terminated at a parish that is not enrolled in UI, the former employee will not be able to collect any unemployment benefit.

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Pension Plan for Priests, Continued

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Each year an independent audit and actuarial study are performed on the Pension Plan for Priests. These serve as valuable tools used in administering the pension Trust. One significant role of the Board of Trustees is to ensure that the plan is operated according to plan documents and that the resources of the Trust are invested prudently. All administrative costs and expenses incurred by the pension plan are paid for out of the plan.

At June 30th, 2009, the plan had \$9,897,000 in assets. The Board of Trustees has selected Christian Brothers Investment Services to manage the investment portfolio following the direction established by the Pension Board of Trustees. On an annual basis, the Board meets with the CBIS investment manager to review investment performance and to implement any changes in investment strategy. Socially responsible investing is a key component of the investment strategy adopted by the Board of Trustees.

The PPP provides health and dental insurance as well as a monthly benefit to eligible priests. Assuming a priest has met the required twenty-five years of service, he is eligible to begin receiving benefits when he reaches the age of 68. The PPP is funded by three primary sources: parish and institutional assessments, earnings of dividends and interest, and bequests. Revenue from parish and institutional assessments contributes approximately one-third the cost of operating the plan. (Please refer to the *Statement of Activities* displayed at right).

Like many defined-benefit pension plans, the Pension Plan for priests is currently under-funded. This is driven by several factors including investment performance, rising costs of healthcare and cost-of-living increases. Since June of this year we have seen some positive recovery in market gains on the pension portfolio.

Providing a pension benefit such as the Pension Plan for Priests is one way in which we can demonstrate our appreciation and concern for our priests who have and continue to serve the people of the Diocese of Winona. Parishioners may often ask of ways that they can make a gift to the priests of this diocese. Contributing to the Pension Plan for Priests is a wonderful way to show appreciation and gratitude for our priests who serve tirelessly in the Diocese of Winona.

<i>Revenue</i>	
Interest & Dividends	\$ 265,069
Assessments	412,120
Bequests	353,169
	\$ 1,030,358
<i>Expense</i>	
Benefits Paid to Participants	\$ 1,053,232
Health & Dental Premiums	198,886
Administrative Expense	36,057
	\$ 1,288,175
Unrealized Loss in Investments	2,125,251
	\$ 3,413,426
Net (Decrease)	\$(2,383,068)

Continuing Education Opportunity

Rev. Mr. Leonard Fuller • lfuller@dow.org

Good Practices in Parish Administration

Developed exclusively for the Pontifical College Josephinum by a cadre of experienced pastors, attorneys and accountants this course provides a comprehensive overview of civil, legal and financial issues which may be encountered in a parish setting. It also provides a structured overview of various scenarios likely to present themselves in a parochial setting, and does so in both the context of civil and canon law.

Topics include: overview of civil law, contracts, negligence and premise liability; land use and zoning, employment law, worker's compensation and unemployment compensation; civil law regarding marriages and families, festivals, Bingo and games of chance;

casinos, game-nights and liquor liability, tax exempt status, confidentiality and privileged communication; protection of children, and financial management.

Classes begin Monday, January 11, 2010. This course is open to all deacons, as well as to pastors, associates, pastoral administrators and parish business administrators. The course is completed entirely online.

For more details or to register, contact the Institute for the Formation and Ministry of the Diaconate:

Telephone: 1-877-9DEACON (1-877-933 2266)

E-mail: deacons@pcj.edu

Web: www.pcj.edu

Coming in 2010 - Improvements to Lay Retirement Plan

Krissa Hilger • khilger@dow.org & Larry Dose • ldose@dow.org

The Diocese of Winona (DOW) recently hired an independent consulting firm to analyze the current lay retirement program available to benefit eligible individuals employed by parishes and institutions within the Diocese. This analysis identified an opportunity for the Diocese to remain with Lincoln Financial Group (LFG) and move from the individual annuity product (currently offered) to an institutional product, (which is increasingly common among employers in public and private sectors). The change in products will result in the following improvements for participants in the 403(b) retirement program:

- An estimated 35% reduction in fees paid by participant retirement accounts.
- Improved customer service to plan participants.
- Added oversight of a lay retirement committee and independent consultant, providing greater control and monitoring of investments.
- The lay retirement plan will have a broader selection of investments from which to choose.

What does this mean for employers and employees within the Diocese? **No immediate action is required by employers or employees; this announcement is intended to be informative.** The current plan is to implement the transition during the second half of the fiscal year. In the coming months, detailed communications will be sent by the DOW Benefit Administration office with information and instructions to facilitate the transition to the improved lay retirement program. These communications will address the majority of the questions that you may have as an employer (administering the plan) and as an employee (participating in the plan).

The improvements will apply to parishes, schools and cemeteries currently enrolled in the Diocese of Winona lay retirement plan. If your location is not participating in the diocesan plan, and you are interested in doing so, please contact Krissa Hilger (507-454-4643 x 213)

Catholic Mutual Group - Shoes for Crews Program

Ryan Christianson • rchristianson@catholicmutual.org

Catholic Mutual Group is pleased to announce a new partnership with Shoes For Crews®, one of the leading distributors of anti-slip footwear. This program is available to all your employees and provides discounted pricing for Catholic Mutual members along with a \$5,000 slip and fall warranty. The warrantee allows for a \$5,000 offset of worker's compensation medical expenses in the event an employee slips and falls and is injured while wearing the shoes. (The accident must happen within the first six months from the time the shoes were purchased).

To view the types of shoes available, visit Shoes For Crews® website at www.shoesforcrews.com or call 1-800-523-4448 to request a brochure. The Corporate Shoe Programs section of their website provides warranty limitations, conditions, and exceptions, as well as claim instructions.

All of your employees can purchase shoes at the discounted pricing; however, they must follow the link through our website to receive the discount. For web access, go to

www.catholicmutual.org, the user ID is **0095win** and the Password is **service**. Click on "Additional Links" located in the left hand corner of the screen. Then, click on the Shoes For Crews® Program link located under Risk Management. Each person must set up their own username and password by clicking on "click here to register". It may take up to 48 hours before the account is active. Once the account has been activated, the individual will be notified by email and can then begin to place an order. If you have any trouble setting up your online account, please contact John March with Shoes For Crews® at 1-866-218-9795.

During the order process there will be an "employee identification #" field. It is very important that you enter the same 4-digit number in this field for each order placed. Therefore, the 4-digit number entered should be something you can remember easily. This number will be used for tracking purposes regarding the slip and fall warranty. Please note that the program only accepts credit card payment.

IRS Announces 2010 Standard Mileage Rates

Dean Dalzell • ddalzell@dow.org

Effective January 1, 2010, the mileage reimbursement rate will decrease to a new rate of **50.0 cents per mile** (from 55.0 cents per mile). Mileage incurred on parish business after December 31, 2009 is to be reimbursed at the new rate.

For priests receiving the monthly allowance, the amount will now be **\$500 per month**. For those using the documented ministry miles method of reimbursement, the new reimbursement rate will be **50 cents per mile**.

Source: <http://www.irs.gov/newsroom/article/0,,id=216048,00.html>

FINANCE TIMES

Dear Logos...

Dean Dalzell • ddalzell@dow.org

Q: January 1, 2010 is approaching fast. How can I ensure the parish software has the new 2010 tax tables?

A: Logos Support has indicated that it anticipates it will have updated state and federal tax tables by December 24, 2009. To update the tax tables in your software, select **Help, About Accounting...** from the menu bar. Click on the **Updates** button to download the current tax tables. As with any software program, a data back-up is recommended prior to updating your parish software. Logos Support is available to answer questions via telephone or e-mail: 800-229-8772, support@logoscms.com

Q: Our pastor has elected to provide gift cards to employees as a token of appreciation during Advent & Christmas. How do I update each employee's W-2 to reflect the gift as reportable wages?

A: IRS regulations state that gift cards (i.e. SCRIP) or similar items that can easily be exchanged for cash must be reported as extra salary or wages, regardless of the amount involved. In Logos, use the **Edit Payroll Check History** routine in the **Payroll, Utilities** menu to **Add** a check. Enter the total gift card amount on the **Earnings** tab, then enter the total amount again as wages on the **Taxes** tab (for *Federal, Social Security, Medicare* and *State* categories). Social Security and Medicare are not automatically calcu-

lated when a gift card is provided to an employee; a quarterly tax adjustment will likely be required as well.

Keep in mind:

- Gifts of nominal value such as ham, fruit baskets, et cetera are not required to be included as reportable wages.
- Cash / cash-like gifts to volunteers as recognition of their service must also be reported as compensation.

Q: Are software tip sheets available for commonly asked questions?

A. Yes, your Logos maintenance contract provides you with access to a variety of step-by-step Tip Sheets for commonly asked questions. Go to www.logoscms.com or www.logoscatholic.com, click on **Members** or **Existing Customer Log-In** and look for the **Tips** link in the menu on the left side of the screen.

Logos Accounting Release Version 8.0.1204:

Please Note: Any GL Recurring Transactions from a prior version will be cleared when Version 8.2.1204 is installed, as the structure for these entries significantly changed. Complete details and release notes for version 8.0.1204 are available via: www.logoscatholic.com/layout7.cfm?ID=204#82

Calendar Year-End Processing

Dean Dalzell • ddalzell@dow.org

The 31st of December is just around the corner, marking the end of the 2009 tax year and the beginning of the annual routine of tax document preparation.

Two web-conferences are scheduled for **Thursday, January 7, 2010: 10:00 AM and 3:00 PM**. (The afternoon session will be a repeat of the morning session). The sessions will be designed as "refresher-courses" to assist parish, school and/or cemetery staff with calendar year-end requirements. The agenda will include:

- Calendar year-end closing process in Logos.
- Federal and state requirements for tax reporting, including electronic reporting requirements for MN.
- Workers' Compensation Audit Questionnaire
- Q & A

If you are interested in participating in the web-conference, please register online at www.dow.org/register before January 5, 2010. Conference details will be sent directly to registered attendees.

If January 7, 2010 does not work in your calendar, Logos Software also offers an online training option directly from the company. For more detail, visit:

www.logoscms.com/layout3.cfm?ID=300#year_gl

Changes to MN Department of Revenue Requirements

Due to a recent law change, state electronic filing thresholds will decrease over the next few years. You must file tax year 2009 W2s electronically if you have more than 50 forms. (In tax year 2010, the threshold will be reduced to 25 forms, and further reduced to 10 forms in tax year 2011.)

Logos Accounting offers a custom report module for bookkeepers who wish to produce electronic files for the State of Minnesota. If you are interested in downloading the custom report module, please contact Dean Dalzell (ddalzell@dow.org, 507-454-4643 x 217) for instructions and related serial code.

Please contact the Finance Office at the Pastoral Center with any questions pertaining to parish financial issues, including calendar year-end processing.

Tax Receipts & Letters - Tips & Guidelines

Rod Kollman • kollman@kmtel.com & Dean Dalzell • ddalzell@dow.org

Gifts of Cash:

IRS regulations require a receipt for any single donation \$250 or greater. This receipt/letter must include the amount that was contributed, and whether the parish provided any goods or services in exchange for the gift. Following is sample verbiage that can be used for gifts of cash, (in this case as a memorial):

“We wish to extend our sincere appreciation for the \$300.00 memorial given in loving memory of John Doe. These funds will be extremely helpful in supporting the ongoing ministries of Saint Sample Catholic Church. Saint Sample did not provide any goods or services in return for this memorial.”

The letter / receipt should also include:

- Name and address of the contributor
- The date the letter / receipt was issued (not the date the cash was received)
- Name and title of the parish personnel issuing the letter / receipt

The \$250 threshold typically applies to individual contributor gifts. Parishes that issue contribution statements at the end of the year for all contributions do not need to issue separate receipts for individual contributions (e.g. monthly stewardship) exceeding \$250.

Gifts of Property (Noncash Items):

A letter / receipt should contain a description of the property; however, **the parish cannot establish fair market value of donated property**. It is the responsibility of the donor to report the fair market value on his or her individual income tax return. The following sample verbiage can be used for gifts of property:

“We wish to extend our sincere appreciation for the donation of the 10 horsepower John Deere Snow-Blower. Your donation will play an integral role in the maintenance and upkeep of the parish grounds at Saint

Sample Catholic Church. Saint Sample did not provide any goods or services in return for this donation.”

As with gifts of cash, the letter / receipt should also include:

- Name and address of the contributor
- The date the letter / receipt was issued
- Name and title of the parish personnel issuing the receipt

Please be aware that if the property exceeds \$5,000 in value the parish may be required to acknowledge receipt of the property via IRS Form 8283.

Gifts of Time and Services:

IRS rules state that individuals cannot deduct the value of their time and services. If the individual donates goods and services, (e.g. an electrician provides and installs fixtures, but does not charge the parish), the parish may only provide acknowledgment of the donated gifts (see Gifts of Property). A letter of appreciation is appropriate to recognize the individual's gift of time; however, take care not to craft the letter in a manner of a tax receipt.

It is also important to note that individuals cannot deduct the cost of raffles, bingo or other games of chance.

Resources:

The IRS website provides a thorough list of item for taxpayers (donors) to be aware of when making charitable contributions. You may wish to have a copy or two available to provide as a resource to donors. To view the list, go to www.irs.gov and type “Ten Tips for Deducting Charitable Contributions” in the search box. For a complete reference on charitable contributions, you may also wish to print *IRS Publication 526, Charitable Contributions*.

When in doubt, **do not attempt to answer tax questions**; politely refer the donor to their tax preparation professional or accountant.

Unemployment, Continued

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Unemployment Account Options

Nonprofit employers that are required to participate in unemployment and those employers who are not required, but choose to participate, have two different options:

1. *Reimbursable Account Option* – The employer provides quarterly wage reports to the State of MN, but does not pay a quarterly tax. When a former employee files for, and is eligible for benefits, the employer then reimburses the State of MN for the benefits paid to the former employee.

2. *Tax Option* – Under this option employers do not directly reimburse when a former employee has an unemployment claim. Employers pay a quarterly unemployment tax along with their quarterly wage report submission. This tax is a percentage of the wages paid to employees during that quarter. A newly participating employer is assigned a “tax rate” and that rate is adjusted annually. The rate is comprised of several factors, including unemployment claims history.

Resource:

You can find more information on this subject at: www.uimn.org.

Diocese of Winona Deposit & Loan Fund

Deposit And Loan Fund Rates:

- Effective June 1, 2009 -
Deposits: 2.00%
Loans: 4.00%

Withdrawal Requests:

Check requests from the Diocese of Winona Deposit & Loan Fund are issued and mailed each Wednesday. Requests must arrive via mail, fax, e-mail or internet before 10:00 am that Wednesday.

When making requests, please include the note number of the specific account(s) from which you are requesting withdrawals. Please feel to contact the Diocese of Winona Finance Office with any questions.

Meet the Pastoral Center Staff - Krissa Hilger



I am a Winona native and have lived in Winona most of my life. I currently reside just 35 miles away in Plainview, MN. I have two grown sons that I am very proud of. Joshua, and his wife, Jamie, live in Winona. Josh attends Winona State University and Colton, who also lives in Winona, attends MN State

College SE Technical.

After graduating from high school in Winona, I attended two years of technical college in Rochester, MN and La Crosse, WI. My first job relating to human resources was an internship at IBM Corporation, where I worked in the recruiting department. I have worked in the area of human resources and benefits, both for private sector and governmental employers, for more than 20 years. I held the position of Director of Human Resources and Administration at an area telephone company, where I worked for 7 years. Prior to joining the staff at the Pastoral Center in June of 2004, I was the Employee Benefits Coordinator for the City of Winona for 5 years. I am blessed to work with

many talented, wonderful, and fun staff here. During my employment at DOW, I was fortunate enough to study for, and pass in 2006, the Professional in Human Resources (PHR) exam administered by the National Human Resource Certification Institute. My passion at work is to assist employees in making informed and wise benefit choices for themselves and their future.

In my time away from work I enjoy vacationing, boating, and "antiquing" at area flea markets and auctions. My favorite places to spend time are at the sporting events of my children and relaxing at a family cabin in northern Minnesota.

Contact Information

Address:	Diocese of Winona 55 West Sanborn PO Box 588 Winona, MN 55987	Internet:	www.dow.org www.catholicmutual.org
		Fax:	507-454-8106 (Pastoral Center) 800-335-8141 (Catholic Mutual)
Larry Dose	Director	507-454-4643 x 226	ldose@dow.org
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