

## **VICARAGE PROGRAM INFORMATION**

### **DESCRIPTION**

Students in the Master of Divinity Program ordinarily serve a vicarage after completing approximately two-thirds of the required classroom courses. The minimum length of vicarage is twelve months. The vicarage is a vital part of the seminary's M. Div. Program, and the chief purpose of the vicarage is to further the formation of the student leading to certification for the pastoral office in the LCMS.

### **ACTIVITIES**

Vicars are to participate in or observe all facets of the parish ministry. They normally preach for regular services at least once a month, with evening services and chapel services for the day school or midweek school offering supplemental preaching experiences. They participate in evangelism programs and youth ministries, teach confirmation and Bible classes, visit the sick and shut-ins, assist in administration, conduct liturgies, attend meetings, and acquaint themselves with grief and crisis counseling procedures and principles. Rather than the vicar focusing on only one area (e.g., youth ministry), he needs a broad range of experiences in preparation for the pastoral office.

### **OFFICIAL ACTS**

According to guidelines mutually adopted by the seminaries and the Council of Presidents, vicars do not usually conduct the official acts of administering the Sacraments, performing marriages or conducting funerals, since these are normally reserved for ordained clergymen. Vicars, however, may assist pastors with such things as the distribution of the Lord's Supper and various portions of weddings, funerals, and other occasional services. If an exception needs to be made in this area, both the vicar and congregational leadership should be consulted and authorization from both the District President and the appropriate seminary official should be obtained.

### **SUPERVISION**

In cooperation with the seminary's director of vicarage, a congregation's pastor serves as the vicar's mentor and supervisor, and all of the vicar's responsibilities should be cleared through him. The supervisor should delineate clearly the duties assigned to the vicar, meet regularly with the vicar for evaluation and fraternal discussion of the vicar's work, and submit to the seminary the reports requested during the year. The director of the vicarage program at the Fort Wayne seminary, Dr. Todd Peperkorn, is available for consultation via email ([todd.peperkorn@ctsfw.edu](mailto:todd.peperkorn@ctsfw.edu)) or telephone (260-452-2152). The director of the vicarage program at the St. Louis seminary, Dr. Glenn Nielsen, is available for consultation via email ([vicarage@csl.edu](mailto:vicarage@csl.edu)) or telephone (314-505-7211).

## **FINANCES**

A vicar is not expected to subsidize his own vicarage. The Council of Presidents of the LCMS has set the following as the vicarage compensation package. His housing and utilities, an auto allowance and reasonable moving expenses (self-move) from and to the seminary should be covered by the congregation. These costs will need to be determined locally. In addition, the vicar should receive a monthly stipend of \$1,800 per month or higher, depending on local living standards. The vicar is subject to federal and state income taxes, and social security taxes.

The congregation is expected to cover the health insurance costs for the vicar and his family, if he has one, at the level of the Concordia Plan Services (CPS) plan for Seminary students. While it need not be the CPS plan, and these costs will change from year to year, the congregation should budget the following for the 2021-2022 vicarage year: Vicar alone (\$3,786); Vicar and Spouse (\$8,790); Vicar and Children (\$8,418); Vicar and Family (\$13,410). Since the congregation will not know the marital and family status of the vicar until he has been assigned, it is recommended the application be completed using these itemized figures or simply use Section I. ADDITIONAL INFORMATION to insert the phrase: "Health insurance coverage up to \$13,410. Actual amount will depend on marital and family status of the vicar." Also included in the congregation's budget should be money for the supervisor's travel and housing for the annual Vicarage Supervisors' Conference usually held in September. There is also a vicarage fee (\$605/year) the congregation is to cover for the vicar. Congregations are to provide for the vicar a day off each week and two weeks of paid vacation during the vicarage.

## **APPLICATIONS**

A congregation may secure the information necessary to access the web-based Vicarage Application Form from the district president, who will also furnish information about procedures and deadlines for submitting applications. When approved by the district president, the application is sent to the Pastoral Education Department at the International Center in St. Louis, which makes the application available to each seminary.

## **APPLICATION DEADLINE**

For the spring vicarage assignments, ALL applications are due in the District Offices by March 1.

## **ASSIGNMENTS**

Most students are assigned vicarages by the Council of Presidents in late April or early May of each year. Such vicarages normally begin in mid-July, although a few students can begin earlier in the summer. Depending upon the availability of students, a smaller number of assignments are made during the academic year.

## **The Vicarage Application Process**

1. Go to the following website to complete the Vicarage Application Form. Enter the user name and password provided to you by your District office:

<https://www.holybytes.com/cop/cornerstone>

2. Complete and submit the following:

- a. Two (2) copies of the **VICARAGE AGREEMENT FORM** printed on parchment paper.

The Vicarage Agreement Form should be completed with original signatures.

This form is to be printed on a natural-colored parchment paper using a colored printer.

- b. One (1) copy of the **VICARAGE APPLICATION FORM** (pages 1-3) and the **VICARAGE APPLICATION SUMMARY** (1 page).

The form should be filled out in detail. It should be printed on white paper.

- c. Make a copy of the Vicarage Agreement Form, the Vicarage Application Form, and the Vicarage Application Summary for your records.
  - d. Send the original completed Vicarage Application Form (1 copy), Vicarage Application Summary (1 copy), and the signed Vicarage Agreement Form (2 copies) to your District President.

When approved by the District President, the application will be sent to the Office of Pastoral Education, which then forwards a copy of the application, summary, and agreement form to each seminary.

3. The minimum vicarage term is twelve months, with most vicarages beginning between August 1 and September 1. Generally, students are not assigned to vacant parishes.
4. Financial Guidelines: Part IV of the application form (Agreement to Care for the Vicar) should be filled out accurately in all parts. The most recent guidelines adopted by the Council of Presidents are as follows:
  - a. **Minimum Salary:** \$1,800 per month or \$21,600 per year (single or married).

***Convertible or Colloquy Vicar:*** The salary for a convertible or colloquy vicar should meet the District guidelines for a new graduate, including Concordia Plans.

(Assumptions: the Vicar is second career, older, with family, and the vicarage may convert to a pastoral call.)

- b. **Housing:** Allowance or specific housing should be provided without cost to the vicar. Housing should be commensurate with the community's standard of living. If you are providing a housing allowance, please give amounts for both single and married vicar, unless you cannot accept a married vicar. If you have specific housing (such as a parsonage or other dwelling), please specify briefly what it is -- size, number of bedrooms, limits of family, furnishings included, pets, etc. If you have any limitations on the size of the family which can be accommodated, or if you are somewhat flexible in terms of the salary and housing, please indicate this also.
- c. **Utilities:** Utilities (except personal long distance calls) should be paid by the congregation or the vicar should be given a utility allowance which will cover the cost of these items.
- d. **Moving/Relocation:** Round-trip travel from and to the seminary should be provided without cost to the vicar. Travel generally includes mileage, food, and overnight lodging as required by the distance. Moving allowance should be sufficient for self-moving (rental trailer or truck) of necessary belongings. If fully furnished housing is provided, travel expenses and shipping/transportation of necessary items should still be covered.
- e. **On-the-job Transportation:** Please state amount and method of provision for covering indicated expenses.
- f. **Paid Vacation Time:** The usual amount is two weeks.
- g. **Health Insurance Coverage:** The vicar will also have health insurance costs. The congregation is expected to cover the cost for the vicar and his family, if he has one, at the level of the Concordia Plan Services (CPS) plan for seminary students. The cost of these plans for seminary students changes from year to year and should be communicated annually to the vicarage congregations. The rates for 2021-2022 for a 12-month period are:
  - Vicar alone (\$3,786)
  - Vicar and Spouse (\$8,790)
  - Vicar and Children (\$8,418)
  - Vicar and Family (\$13,410)
- h. **Vicarage Fee:** The fee to the seminary is currently \$605.00.

Many of the above benefits generate an income and Social Security (FICA) tax liability for the vicar and an additional Social Security (FICA) tax liability for the congregation. The congregation must remit the employer's share of FICA and must withhold and remit income taxes for the vicar and the vicar's share of FICA. Please become acquainted with the tax

aspect of these benefits. The document, “Congregations Payments to (or for the benefit of) a Vicar” is attached to these instructions. Please share these details with your treasurer.

By making adequate financial provisions for the vicar, the congregation is assisting the LCMS in the synod’s program of ministerial formation.

##### 5. Distance Learning Vicarages (SMP, EIIT, CHS, CMC)

The vicarage application is part of the admissions process. The congregation is responsible for completing the vicarage application and sending it to the district office. Once signed by the district president, the vicarage application is sent to the Office of Pastoral Education.

- a. Indicate in a cover letter or memo the name of the student, program and the seminary the student is attending.
- b. Near the top of page one of the Vicarage Application Form, enter the name of the SMP, EIIT, CHS, or CMC student being requested on the line provided.
- c. The requirements listed above, 4a-4g , are optional for distance learning vicars as many are bi-vocational and have standing salaries and benefit arrangements in place. If no salary or benefit package is offered, please indicate this on page 3 of the vicarage application form by inserting N/A or No in the appropriate boxes. Use the lines under I. Additional Information to offer further explanation. Only the vicarage fee (4h) is required, normally paid by the congregation..
- d. EIIT, CHS, and CMC Vicarages are for four (4) years and begin at the same time the student begins his course work at the seminary.
- e. SMP Vicarages are for two (2) years and begin at the same time the student begins his course work at the seminary.

## **INSTRUCTIONS TO CONGREGATIONS APPLYING FOR A CONCURRENT, MULTI-YEAR VICARAGE STUDENT**

Concurrent, multi-year vicarages are for students in the following educational programs:

Specific Ministry Pastor (SMP)  
Ethnic Immigrant Institute of Theology (EIIT)  
Center for Hispanic Studies (CHS)  
Cross-Cultural Ministry Center (CMC)

1. Two VICARAGE AGREEMENT forms (printed in color on parchment paper) are to be filled out with original signatures along with a VICARAGE APPLICATION FORM including the SUMMARY, which is to be filled out in detail following the instructions below. The original, completed vicarage agreements, application and summary page are to be sent to the office of the District President. The district mails the completed, signed vicarage application directly to the Office of Pastoral Education. If you would like to retain a copy, please photocopy the documents before submitting them.
2. The minimum vicarage term for a full time vicar is twelve months; a concurrent vicarage is longer, since it combines study with practical experience. Concurrent Vicarages continue from the time one is assigned and installed as a Vicar of the congregation, until he completes his academic program and satisfies all the requirements of the vicarage program.
3. Section I. GENERAL INFORMATION: Fill in the requested information.
  - a. Where the application requests the ending date of the vicarage, estimate the ending date by calculating the approximate date the student will complete the program.
  - b. Include the vicarage supervisor's phone and email address.
4. Section II. INFORMATION ON THE CONGREGATION: Fill in the requested information. You may ignore the bottom two parts of this section: "Does the church operate a parochial school?" and "Unique or special ministries." Where these two parts are ignored, please include a separate document that describes in detail the ministry in which the vicar will be participating.
5. Section III. SIGNIFICANT ASPECTS OF THE MINISTRY: Provide a detailed description about the plans for this vicarage, including pastoral oversight and guidance:
  - a. Specific goals you have for this student's vicarage at your congregation.
  - b. The various opportunities for learning and serving which the vicar will receive in your congregation in the areas of preaching, worship, visitation, teaching, administration and any other areas of note. (It is not necessary to describe the congregation's worship practice as requested on the form.)
  - c. Describe the type and amount of supervision that will be given to the student. (Please be specific as to the frequency and nature of contacts between the vicar and supervisor).

6. Section IV. AGREEMENT TO CARE FOR THE VICAR: Please fill out the details of this section. *Even if your vicar has a salary and benefits in place, outside of the congregation, this section needs to be completed. Insert N/A or No in the appropriate boxes. Use the lines under I. Additional Information to offer further explanation.* If your vicar is a worker-priest, in a separate document, please describe the salary and benefits he will be receiving (if any), programmatic expenses covered, and who will be responsible for this compensation.

*(Please note that many of the benefits listed in "IV. Agreement to Care for the Vicar" generate an income and Social Security (FICA) tax liability for the vicar and an additional Social Security (FICA) tax liability for the congregation. The congregation must remit the employer's share of FICA and must withhold and remit income taxes for the vicar and the vicar's share of FICA. Please become acquainted with the tax aspect of these benefits. The document, "Congregation's Payment to (or for the benefit of) a Vicar" was prepared to assist congregations in this area. It is attached to these instructions. We particularly ask that the vicar receive responsible tax advice.)*

## Congregation's Payments to (or for the benefit of) a Vicar

### Tax Aspects<sup>®</sup>

In general, a vicar must be treated for all tax purposes as a **lay employee** of the congregation. Until the vicar is ordained, he does not meet IRS's criteria for "minister of the Gospel". Therefore, the tax aspects unique to ministers do not apply to vicars. The congregation must **withhold federal income taxes** from the vicar's paycheck and **remit them to IRS** just as it does with all other lay employees (state tax withholding may also apply). It must also **withhold half of the vicar's social security and Medicare tax liability and remit it to IRS (under the FICA system)**, matching that payment with one of its own.

To calculate the federal income taxes which must be withheld from payments to him, each vicar must file with his congregation an IRS Form W-4, Employer's Withholding Exemption Certificate. On this form, the vicar will indicate his marital status and the number of allowances he claims. If a vicar has sufficient "non-employee" income, he also may claim an additional amount to be withheld from each paycheck or be obligated to file IRS Form 1040-ES and make quarterly payments of estimated tax. States that impose income tax withholding on wages may mandate the use of a similar certificate to properly calculate them.

Wages subject to employment taxes (i.e., the employer's 50% share of FICA) include all pay the congregation gives an employee for services he performs. The pay may be in cash or in other forms. Cash payments include his salary, allowances, and certain reimbursements; other forms include his fringe benefits.

A vicar's cash payments are taxable, as are most of his fringe benefits. These are also subject to social security, Medicare, and federal income tax withholding (state income tax withholding, if applicable).

Cash payments are *treated as paid* during the pay period in which the vicar is actually paid. The taxable noncash fringe benefits may be *treated as paid* by the pay period, or by the quarter, or on any other basis as long as the benefits are *treated as paid* at least as often as once a year and no later than December 31. When the congregation treats the fringe benefits as *paid*, it usually adds their value (or estimated value) to cash payments and figures withholding taxes (social security, Medicare, federal, and applicable state) on the total. If a large portion of the vicar's pay during any pay period includes taxable noncash fringe benefits, the taxes that must be withheld could dramatically reduce his net paycheck.

Generally, the value of noncash fringe benefits must be determined no later than January 31 of the next year. Before then, at least a reasonable estimate of their value must have been made for purposes of withholding and depositing on time. If the required amount of taxes were deposited timely but a lesser amount was actually withheld

from the vicar's paycheck (this decision may have been necessary if the vicar's tax liability exceeded his pay or left him with insufficient funds to provide for his daily needs), his Form W-2 may reflect the taxes withheld as if he had paid them; however, the congregation must collect the receivable created by this transaction from him before April 1 of the following year.

The actual list may be longer, however, the most common types of pay provided to a vicar are, as follows:

- **Salary**—Salary is generally paid in the form of a cash payment. For purposes of tax withholding, it is treated as *paid* during the pay period in which it is actually paid.

- **Housing/Utilities**—Financial guidelines adopted by the Council of Presidents state the congregation should provide its vicar with a housing allowance or provide housing and utilities without cost to the vicar. However, a vicar does not receive this form of pay tax-free, as would an ordained minister.

A "housing allowance" paid to a vicar is treated as salary or any other form of cash payment. It is treated as *paid* during the pay period in which it is actually paid.

A house or apartment provided to the vicar is a taxable fringe benefit. Its fair market value constitutes wages; likewise, any utility payments made by the congregation directly to the utility company. These are treated as *paid* on any basis the congregation chooses but at least as often as once a year. The only circumstances under which the employer-provided housing may be excluded from his taxable wage income is if the home is on church premises and it is provided solely for the convenience of the congregation and occupancy of such housing is a condition of the vicar's service to the congregation.

- **Moving/Relocation** (from/to the seminary)—A typical vicarage is a temporary work assignment of a definite time duration (of less than one year), as opposed to a permanent work assignment having an indefinite term. Accordingly, while a vicar may meet the 39-week requirement of IRC Sec. 217(c), he does not meet the requirement that the move be to a new "principal place of work". Therefore a vicar's moving expenses, reimbursed by the congregation or paid directly to a third party, are treated as taxable. Reimbursements for moving

(Continued on reverse)

expenses paid directly to the vicar are treated as *paid* during the pay period when it is actually paid. Payments paid directly to a third party can be treated as a fringe benefit and considered *paid* on any basis the congregation chooses but at least as often as once a year.

- **On-the-job transportation expenses**—A car allowance paid to a vicar should be treated in the same manner as one paid to any other employee; i.e., as salary or any other form of cash pay. It is treated as *paid* during the pay period in which it is actually paid. However, reimbursements for business-related transportation paid under an Accountable Plan may be excluded from a vicar's taxable wage income. Commuting between work and home is a nondeductible personal expense. If the congregation reimburses the vicar's commuting expenses, the payments are treated as cash pay and considered *paid* when it is actually paid.
- **Tax subsidies**—If the congregation pays any portion of a vicar's tax liabilities without deducting them from his pay, these payments must be included in the vicar's wages and are subject to social security, Medicare and income tax withholding. The payments also increase the amount of additional taxes the congregation must pay in terms of its share of FICA. Refer to IRS Publication 15-A (under *Special Rules for Paying Taxes*) for guidance on how to figure the vicar's increased wages in this situation.

The congregation must provide the vicar with an IRS Form W-2, Wage Statement, for each year in which the vicar serves just as it does for any other lay employee. The vicar will use the information reported on Form W-2 to complete his individual income tax return (and state return, if applicable).

### Health Insurance

Seminary students, including vicars, are enrolled in the Synod's Concordia Health Plan unless they have opted out because they are enrolled in another group health plan or governmental coverage. Dependent enrollment in the Concordia Health Plan is optional. The vicar's payment for Concordia Health Plan coverage is part of his seminary tuition payments.

The financial guidelines adopted by the Council of Presidents also state the congregation is to assist the vicar and his family with health insurance. This can be accomplished by reimbursing the vicar for the cost of his Concordia Health Plan coverage or the other coverage he is purchasing. **Such reimbursements to the vicar for health plan premiums are not taxable if proof is provided to the congregation that the coverage is in**

**force (Rev. Rul. 61-146).** However, an allowance that is paid to the vicar without requiring him to provide proof of payment and coverage is subject to Social Security, Medicare, and income tax withholding.

### Concordia Plans

A vicar who has not completed his course work at the seminary is not eligible to be enrolled as a worker in the Concordia Plans because the Plans still consider him a student and not an eligible employee of the congregation. However, a **vicar who has completed his course work at the seminary (i.e., a delayed vicar) is eligible for enrollment in the Concordia Plans as a lay worker, at the option of the congregation.** Contributions made by the congregation to any of the Concordia Plans for a deferred vicar are not taxable income to him. Also, contributions are not "wages" for FICA purposes.

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This bulletin shows that the congregation's cost of employing a vicar is not limited to the vicar's salary and other benefits provided by the congregation. The congregation will additionally incur a FICA tax liability calculated on the total value of most of those benefits. To make sure that tax and insurance matters are handled properly, each supervisor and/or congregational treasurer should be acquainted thoroughly with the above information. The information should also be shared with the vicar so he, too, understands that his liability for income taxes, social security, and Medicare is based on more than just his salary.

General inquiries may be addressed to the Synod's Accounting Department, asking for the Director of Tax and Compliance. For more specific advice, consult with a tax professional.

© This bulletin was designed to address the tax concerns of most LCMS vicars. It does not apply to individuals currently listed on Synod's roster as commissioned ministers of religion, nor to those "away from home" as defined under IRC Sec. 162.

If the vicar is a commissioned minister of religion, compensation and housing provided to him during his vicarage are treated and reported similarly as a pastor's for tax purposes.

If the vicar is "away from home" (that is, he maintains another home elsewhere while serving his temporary vicarage assignment), he may be eligible to exclude from taxable wages all employer-provided travel, incidental expenses, meals (50%) and lodging. However to qualify for this exclusion, there must be *substantial* continuing expenses in the maintenance of a home that will be duplicated when traveling away from it. In one case, a court didn't consider the duplicated expenses *substantial* when the only expenses duplicated were mortgage, utilities and telephone costs. Therefore, request that a professional tax consultant consider all relevant facts to determine if these expenses are excludable under IRC Sec. 162.

Sept. 2009