

Payroll Year End Processing - Automobile Insurance Paid on Behalf of the Priest by the Parish

Priests receive automobile insurance coverage on one automobile through the Archdiocesan group plan. The current Automobile Insurance Premium of \$1,150 (flat and maximum dollar amount for all) per car is paid by the Archdiocese of Chicago. This amount was billed to the parishes on their Archdiocesan September invoice.

Along with the invoice, a letter was sent that listed the name of each priest from the parish participating in the plan. Verify that these charges are correct, especially if a priest transferred in or out anytime during the year. If he is in multiple parishes throughout the year, then only one parish includes the Auto Insurance in the payroll. The location being billed should include the adjustment on its payroll.

The amount of the annual premium is a taxable benefit included on the Form W-2 of the priest. **The amount of \$1,150 will appear on the payroll register as an adjustment to the year to date taxable earnings of the priest. However, taxes will not be withheld with this adjustment.**

How to process on IOI Pay for an Active, Inactive or Terminated priest:

- Go to Adjustments and Year To Date Adjustments under Hours and Dollars.
- Click on the Blank white page to add an Adjustment Type Standard – Standard Adjustment screen pops up.
- Under Category choose Earnings.
- Under Code choose PCAR-R-Priest Auto Insurance.
- Under Amount enter as \$1,150.00.
- Click Save & then a Window pops up - "The adjustment was successfully added."
- Click OK on the window that pops up.
- Click on Preview Payroll under Hours and Dollars screen.
- Preview Payroll - verify on Report 051 - Payroll Register (Under the priest name, Descr will appear as "Priest A." Gross and Taxable will only have FIT and state earnings, since Priests do not pay FICA/MHI taxes. No taxes are withheld, the taxes withheld amount is blank. Total Gross (no net) should equal \$1,150.00.

When entering the payroll journal entry DO NOT include the Priest Auto Insurance in the gross amount for expense or any other part of the entry. This procedure does not affect the expense or cash of the parish. There is NO payment to the priest. This is only a taxable benefit item on Box 14 of the Form W-2 of the priest.

Please be sure to notify all priests about the year to date adjustment to their taxable earnings.