



COMPENSATION FOR PARISH MUSICIANS

POLICY

Legal guidance in the past has indicated that a part-time musician (weekend cantor or organist or choir director, for example) should be considered an independent contractor, rather than an employee. As an independent contractor, compensation was provided to the individual who was fully responsible for the payment of the employee and the employer portion of taxes.

The definition of “employee” and “independent contractor” has evolved. The IRS has issued rulings that increase the specificity and the factors that differentiate the two and cause the Archdiocese to change its directives with respect to parish musicians.

1. If musicians, either full-time or part-time, are currently considered as employees and their compensation is reported on the W-2, nothing needs to be changed.
2. Otherwise, effective January 1, 2014:
 - a. A parish musician (cantor, choir director, organist, accompanist, etc) who receives in excess of a *de minimis* amount of annual compensation (\$600/year) from the parish/entity must be considered as an employee, with compensation reported to the IRS on W-2.
 - b. A formula on an Excel spreadsheet is provided (e-library, Managers folder) to assist in calculating the necessary conversion from independent contractor compensation (where the contractor is expected to pay both employee and employer taxes) to the equivalent compensation of an employee where the entity will assume the burden of the employer Social Security and Medicare. From this calculation an hourly pay rate should be determined calculated in gross wages. As with all employees, net, take-home pay will vary depending on federal tax rate and exemptions claimed. Assistance in completing the calculation is available from ADOM Office of Human Resources.
 - c. A letter to the musician should be issued that documents the transition from independent contractor to employee and states the hourly pay and instructions for completing new hire paperwork. A sample letter is available in e-library, Managers folder.
 - d. A job description should be provided to the musician including an expectation of the total time to be spent for music preparation, rehearsal time and performance time per week. Because compensation is by the hour, the number of hours you wish the employee to be working must be stated in advance. Sample job descriptions can be found in the Managers folder of the e-library.
 - e. A time sheet must be maintained by the musician to verify time spent per week. Compensation is hourly, based on time documented on the time sheet. Although unlikely that a part-time musician would work more than 40 hours in a week, if that did occur, the musician is eligible for overtime pay at 150% of the usual hourly wage. The musician’s



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supervisor should review the hours worked and adjust the future schedule accordingly to manage within the budget and resources of the parish.

3. If a parish/entity musician has regular hours each week, receives compensation in excess of \$455/week and the parish/entity prefers to compensate the musician via a salary rather than an hourly rate, contact must be made with ADOM Human Resources who will assist the parish/entity in calculating the proper salary amount.

If a musician is salaried, the weekly salary must be paid in full even if the musician works only one hour in the week, and/or a substitute musician needs to be compensated. The salaried musician is not eligible for overtime. Although this may be an easier method of compensation (eliminates the need for a time sheet) it may be a much more expensive method of compensation.

4. A specialty musician who uses his/her own instrument and who receives less than \$600/year in compensation from the parish/entity may be paid as an independent contractor responsible for his/her own taxes, with compensation reported on 1099.
5. A stipend received by a musician for performance at weddings, funerals or other occasions outside of the job description for the parish employment, is not considered compensation by the parish. The musician receives such stipends directly, does not deposit the stipend with the parish, and is personally responsible for reporting the earned income to the IRS.

Initial: December, 2013
Current: December, 2013