

INSTRUCTIONS FOR 2010 CLERGY COMPENSATION & EXPENSE REPORT

READ BEFORE COMPLETING FORM

DEFINITIONS:

Housing Exclusion: Amount of cash salary designated to pay for utilities, trash service, maintenance, furniture, etc.

Housing Allowance: Cash paid in lieu of providing a parsonage.

Housing Exclusion is included as part of minimum compensation.

Housing Allowance is not included as part of minimum compensation.

Both the Housing Exclusion and Housing Allowance are exempt from income tax.

1. Enter amount of salary paid by resources of the local church. Do **not** include conference support monies.
2. Additional cash paid to pastor to help cover Social Security tax obligation. Do **not** include this amount in Line 1.
3. Portion of salary provided by Conference support funds. Do **not** include this amount in Line 1.
4. Enter amounts paid to pastor for business expenses for which he/she is not required to submit documentation of business purpose. These amounts are taxable income to the pastor. Use Worksheet 1 to determine this figure.
5. Add Line 1 through Line 4.
6. This is an amount withheld from the pastor's salary and sent to the General Board of Pensions for investment in the Personal Investment Plan (UMPIP) on a tax-deferred basis. Contribution to UMPIP is at the option of the pastor. **Pastor must complete a salary withholding agreement. Church must complete a UMPIP billing form if amount changes or pastor is in a new appointment.**
7. This is an amount withheld from the pastor's salary and sent to the General Board of Pensions for investment in the Personal Investment Plan (UMPIP) on a tax-paid basis. Contribution to UMPIP is at the option of the pastor. **Pastor must complete a salary withholding agreement. Church must complete a UMPIP billing form if amount changes or pastor is in a new appointment.**
8. This is an amount withheld from the pastor's salary and used to reimburse medical or childcare expenses on a tax-exempt basis. Do not use this line to report medical expenses that are paid from the church budget or that are not reimbursed under a qualified Section 125 plan.
9. If pastor chooses to have income tax withheld from pay, enter the appropriate values.
10. Add Line 6 through Line 9.
11. Subtract Line 10 from Line 5 to determine annual net pay of the pastor. To determine the amount of the pastor's paycheck each payroll period, divide the annual net pay by the number of pay periods in the year.
12. Indicate if the church normally provides a parsonage for the person in this position (i.e. senior pastor, associate pastor, etc.) Indicate if the pastor is living in the parsonage.
13. Give your best good-faith estimate of what the parsonage would rent for in your town (as provided to pastor – usually with appliances but no furniture or utilities provided). Amount listed is subject to SECA tax (paid by clergy).
14. List amount of salary (**included in line 5**) designated as Housing Exclusion for utilities, furnishings, etc. Amount listed is subject to SECA tax (paid by clergy). Do not include Housing Allowance amount paid in lieu of providing a parsonage.
15. Cash paid to pastor to provide a residence when a parsonage is not provided. (SECA tax paid by clergy).
16. If church pays pastor an additional amount to help with parsonage utilities, enter dollar amounts. (**NOT included in LINE 5**).
17. If parsonage utilities are paid directly to the utility company by the church, indicate the amount budgeted for the year.
18. Show health insurance premium paid to the conference or directly to an insurance company. DO NOT list health insurance amounts paid to the pastor.
19. List other insurance premium paid on behalf of pastor (e.g. cancer policy).
20. Use Worksheet 3 to determine this figure.
21. Indicate value other benefits you provide for this pastor. Examples: memberships, car allowance, value of leased vehicle, etc.
22. Add Line 18 through Line 21.

WORKSHEET 1 - CASH ALLOWANCES PAID TO THE PASTOR - TAXABLE

Report non-vouchered expenses (i.e. church gives pastor an allowance and does not ask for an accounting of how it is spent). Also show expenses that are reported under a non-accountable reimbursement policy. Examples of a non-accountable policy include one that **does not require documentation of business purpose**, one in which the expenses are not required to be accounted for in a timely manner, or one in which the pastor receives any unspent money at the end of the year.

- A. List amount paid to pastor as health insurance allowance for coverage on a spouse's group plan or amounts paid for to pastor for other insurance coverage.
- B. Amount church pays to pastor for travel allowance.
- C. Amount church pays to pastor for continuing education, books, and publications allowance.
- D. Amount church pays to pastor for other allowances (e.g. entertainment allowance, memberships, dues, etc.).

TOTAL add line A to line D.

WORKSHEET 2 - REIMBURSED BUSINESS EXPENSES - NON-TAXABLE

Report expenses reimbursed under an accountable reimbursement policy. An accountable reimbursement policy is *not* a salary reduction item (tax shelter). A reimbursement assumes that the employer (church) is paying for the employee's (pastor) business expenses out of its own funds. When an employer pays an employee for his/her business expenses through a salary reduction, it is the employee and not the employer that is paying for the expenses. Reimbursements paid through a salary reduction agreement would be *taxable* to the employee. In order for a reimbursement plan to be accountable, the employee must submit proper documentation of the expense in a timely manner (no more than 60 days after the expense).

- A. Show amount budgeted for reimbursed travel. Pastor must submit documentation of date, place, business purpose and mileage.
- B. Show amount budgeted for gas and maintenance items for a vehicle owned/leased by the church.
- C. Show amount budgeted for continuing education events, books, periodicals, etc.
- D. List amount budgeted for other business-related expenses.

TOTAL add line A to line D.

WORKSHEET 3 - CRSP AND CPP CALCULATIONS

- A. Enter Total Base Compensation from line 5 and 16.
- B. If church owns parsonage, multiply line A times .25 (25%).
- C. If church doesn't own parsonage, add lines 15 and 16.
- D. Add lines A, B and C to determine the Plan Compensation Amount.**

CRSP - Clergy Retirement Security Program

DB - Defined Benefit

- E. Multiply line D by .1065 (10.65%).

DC - Defined Contribution

- F. Multiply line D by .03 (3%)

G. TOTAL CRSP, add lines E thru F

CPP - Comprehensive Protection Plan

- H. Conference Relation Part-Time Local Pastor, Student Local Pastor or Retired, not eligible for CPP
- I. 1/4 time appointment not eligible for CPP.
- J. If appointment status = 1/2 or 3/4, enter **\$2,051.59** in the Total column (3.4% of **\$60,341-DAC**). Plan Compensation must be **>\$32,617.20** if full-time
- K. If line J = zero, multiply line D by .03%. **The maximum CPP is \$3,620.46.**
- L. TOTAL CPP—Add lines J and K.

TOTALCRSP/ CPP, add lines G and L. Enter on line 20 of page 1 of Clergy Comp Worksheet

Retired Clergy and people serving District Superintendent Assignments (DSA) do not receive contributions to CRSP and CPP.

DON'T FORGET: ATTACH A COPY OF THE HOUSING RESOLUTION.

| MUST COMPLETE | |
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| CLERGY NAME | APPOINTMENT STATUS AND CONFERENCE RELATIONSHIP |
| EFFECTIVE DATE AND DISTRICT NAME | SIGNATURES—CLERGY, PPR CHAIR(S), DS |