

NORTHWEST TEXAS CONFERENCE OF THE UNITED METHODIST CHURCH
Instructions for Completing the 2017 Pastor Compensation Form – Excel Version

PLEASE NOTE:

The expectation is that you will complete the Pastor Compensation Form using Microsoft Excel.

IF you cannot use the Excel version please contact your District Office for assistance in filling out your compensation form.

GENERAL INFORMATION

- This form is for a PASTORAL CHARGE. In the case of single church appointments, the church and the charge are one-in-the-same. However, if the appointment is for a charge consisting of multiple churches, then this form should report the TOTAL COMPENSATION for the CHARGE on page 1. Use page 3 to split the various elements of the compensation package between the churches.
- Insert the name of the charge and the complete name of the pastor on the appropriate lines on page 1. Entering this information on page 1 will carry it to all succeeding pages.
- Compensation is reported on a calendar year basis and the Compensation Form must reflect a full twelve (12) months of compensation.
- Complete a Compensation Form whenever there is a change in the compensation of the pastor or a change in appointment and the Compensation Report must reflect a full twelve (12) months of compensation.
- In completing the Compensation Form, make an entry in all light brown-shaded boxes. If the pastor is not provided with any compensation with respect to a specific line, enter zero. Any lines on the Compensation Form that are left blank will be assumed to have a zero value.
- After completing the Compensation Form, save a copy on your computer and then send the Excel form to the district office as an e-mail attachment, or print the form and mail or fax it. Copies of the compensation report should be retained by the district superintendent, by the pastor, by the Charge Conference, by the SPRC of each church in the Charge and by the Church Treasurer(s). The District Superintendent will send a copy of this form to the Conference Benefits Officer in the Conference Office.
- **Any changes in the compensation report must be approved by a church or charge conference and reported to the Conference Benefits Officer by the District Superintendent.**
- **The Internal Revenue Service and/or HealthFlex limit changes in some compensation elements (e.g. Flexible Spending Account, Health Insurance changes) to “life events” (new job [appointment], marriage, divorce, death, birth). Lacking a life event, changes in benefits can only be made during open enrollment periods.**

MINIMUM COMPENSATION

Please note the following compensation (Total Basis For Appointment, Page 1, Line 13) minimums that have been mandated by the Annual Conference for 2016:

\$35,213 - Full Connection (Elders, Permanent Deacons) and Provisional Members

\$32,502 – Associate Conference Members

\$29,791 – Full-Time Local Pastors

In addition, the General Board of Pensions and Health Benefits has minimum compensation amounts for ALL FULL-TIME Clergy for the Clergy Protection Plan (CPP) (Total or Gross Cash Payment, Page 1, Line 4):

\$31,718 – if parsonage provided

\$39,647 – cash compensation plus housing allowance if parsonage not provided

- ✓ If the compensation for full-time clergy does not meet these minimums, the cost of CPP will rise from 3% of the plan compensation (cash compensation [line 4] plus housing [25% of cash compensation if parsonage provided OR housing allowance if parsonage not provided]) to 3.4% of the Denominational Average Compensation (DAC) of \$68,876, or \$2,341.78 per year.

CHARGE TYPE AND APPT %

The **Charge Type** must be entered in the lightly shaded box at the top left of the form below the Church/Charge information. The only permissible entries are:

MF = multiple (2 or more churches) served by a Full-Time clergy person

MP = multiple (2 or more churches) served by a Part-Time clergy person

S = single church charge

The Appt. % must be entered by the District Superintendent in the red-shaded box at the top right of the form just under the Pastor's name. The only permissible entries are:

25%

50%

75%

100%

Leaving either of these boxes blank or typing any input other than the expected entries will result in an error.

HOUSING SECTION

On the line titled, "Parsonage Provided," write a "Y" if a parsonage is provided or an "N" if one is not provided. **Leaving this blank or typing anything other than a "Y" or an "N" will return an ERROR message.**

On the line titled, "Housing Allowance," enter the total annual amount of the pastor's Housing Allowance if no parsonage is provided. Remember this figure is subject to IRS limitations. If you input "N" on the previous line indicating No Parsonage is provided but do not insert an amount for a

HOUSING ALLOWANCE in this box, a "REVIEW" message will appear prompting you to make sure that you have completed these boxes correctly.

For multiple-point charges where a parsonage is provided, all churches on the charge should indicate "Y"

PAYMENT SECTION (if "MF" or "MP" was entered in the CHARGE TYPE box, this section reports the TOTAL PAYMENTS from all churches included in the Charge)

Page 1, Line 1 – Church Contribution to Pastor's Compensation. This is the amount that the local church(es) contributes to the Pastor's compensation (less Equitable Compensation contributions and Cash Allowances).

Page 1, Line 2 – Equitable Compensation Contribution to Pastor's Compensation. This is the amount that is contributed by Equitable Compensation and is contingent upon approval by Commission on Equitable Compensation.

Page 1, Line 3 – Non-Accountable Plans (Cash Allowances). The total must be broken out on Worksheet 1, and a copy of the Housing Resolution Document must be included with the Compensation Form. You must fill out Worksheet 1. In the Excel version the total from worksheet 1 Line H will be completed automatically and will automatically transfer to page one of the compensation form. All but Housing Exclusions will be reported as taxable compensation on Form W-2. Housing allowances and Housing Exclusions are reported in Box 14 of Form W-2),

WORKSHEET 1 - CASH ALLOWANCES

Worksheet 1 has been provided to assist you in completing line 3. Although this allowance is not accountable to the church, the IRS will require receipts if you deduct unreimbursed business expenses on your tax return. Line 3 should include the following items:

Worksheet 1 Line A - Insurance Premiums – any cash paid directly to the pastor or to be used in payment of premiums related to health should be included on this line.

IT IS NO LONGER PERMISSIBLE FOR A CHURCH TO PAY THE PREMIUMS FOR A HEALTH INSURANCE PLAN OBTAINED BY AN INDIVIDUAL. ANY SUCH PAYMENT ARRANGEMENTS CONSTITUTE TAXABLE COMPENSATION.

This line should not include any amounts that are billed or apportioned by the annual conference such as the Medical Insurance billed to the church from the Conference Benefits Office.

Page 2, Worksheet 1, Line B - Travel & Lodging – any cash paid to the pastor in anticipation of travel expenses, for which the pastor is not required to provide a receipt or voucher, should be included on this line.

Page 2, Worksheet 1, Line C - Continuing Education – any cash paid to the pastor in anticipation of continuing education expenses and the purchase of books and publications, for which the pastor is not required to provide a receipt or voucher, should be included on this line.

Page 2, Worksheet 1, Line D – Dues & Fees – any other cash payments made to the pastor in anticipation of expenses for memberships in organizations and dues for which the pastor is **not required** to provide a receipt or voucher, should be included on this line.

Page 2, Worksheet 1, Line E – Housing Exclusion Expenses – This includes such expenses as utilities, insurance and maintenance which are paid to the pastor and not included in a separate Housing Allowance. **A resolution is required for this exclusion and should be attached to the compensation form.** **This should only be used if a parsonage is provided.**

Page 2, Worksheet 1, Lines F & G – Other – any other cash payments made to the pastor in anticipation of expenses, for which the pastor is **not required** to provide a receipt or voucher that has not been listed on Worksheet 1 Lines A-E. A description of the expense is required.

Page 2, Worksheet 1, Line H – Total Cash Allowances. In the Excel version, Lines A through G automatically total to line H and are entered on Line 3 on Page 1.

Page 1, Line 4 – Total or Gross Cash Compensation. This amount is the total of lines 1, 2 & 3 and is computed automatically.

DEDUCTIONS SECTION

Lines 5-8 on Page 1 are payroll deductions that need to be recorded but have no effect on the pastor's compensation. Resolutions are required for these items.

Page 1, Line 5a – Pastor's Contribution to Health Insurance Premium. This is an after tax deduction from the pastor's payroll and is not paid to the pastor above and beyond the total compensation. Example – If the pastor chooses insurance coverage that costs more than the defined contribution amount allowed, then the pastor will have a payroll deduction equal to the difference between the annual premium cost and the annual defined benefit allowance.

Page 1, Line 5b – Pastor's Contribution to Health Savings Account. If a pastor enrolls in a high-deductible health insurance plan through the HealthFlex Exchange, they may be eligible to make personal contributions to their Health Savings Account (HSA) that accompanies these plans. **It is recommended that a pastor considering making a personal contribution to a HealthFlex HSA consult with their tax advisor and coordinate with the Conference benefits office.**

Page 1, Line 6 – Flexible Spending Account. This is a Flexible Spending (Cafeteria) Plan that the employer (church) sets up following IRS Rules (current maximum allowance is \$2,550 per year). This must be an IRS qualified plan and may not be an informal agreement with the church. Additionally, this may NOT be used for health insurance premiums. It is a before tax payroll deduction which is elected annually during HealthFlex open enrollment.

Page 1, Line 6a – Flexible Spending Plan. The only permissible entries on Line 6a are either Y or N. Enter "Y" for yes if this plan is through the Conference (on behalf of Wespeth Benefits and Investments (formerly GBOPHB)) or "N" for no if it is not.

If you are not using the HealthFlex cafeteria plan (aka Flexible Spending Plan), then your employer must have a written document that contains at least the following information (Proposed Treasury Reg. 1.125-1):

- (i) A specific description of each of the benefits available under the plan, including the periods during which the benefits are provided (i.e., the periods of coverage)
- (ii) The plan's eligibility rules governing participation
- (iii) The procedures governing participants' elections under the plan, including the period during which elections may be made, the extent to which elections are irrevocable, and the periods with respect to which elections are effective
- (iv) The manner in which employer contributions may be made under the plan, such as by salary reduction agreement between the participant and the employer or by non-elective employer contributions to the plan
- (v) The maximum amount of employer contributions available to any participant under the plan, and
- (vi) The plan year on which the cafeteria plan operates

If the plan does not incorporate all of these elements then the plan is not qualified from the perspective of the IRS and your contributions may not be tax-favored.

Page 1, Line 7 – UMPIP Contribution. This is the dollar amount that the Pastor contributes to his/her United Methodist Personal Investment Plan. This line should reflect the total dollar amount for the entire year (12months).

- ✓ **CRSP-DC Plan rules require a pastor to contribute at least 1% of the “plan compensation” to UMPIP to get the matching 1% CRSP-DC contribution from the church.** The “plan compensation” is the cash compensation on line 4 PLUS 25% of line 4 if a parsonage is provided, or line 4 PLUS the housing allowance from the second box at the top of the form if a parsonage is not provided.

Page 1, Line 7a – The minimum 1% UMPIP contribution is calculated for you. If a parsonage is provided (“Y” in Parsonage Provided in Housing Section of the form) then you can enter, as a minimum, the amount computed shown in the Parsonage Provided box. If a parsonage is not provided (“N” in Parsonage Provided in Housing Section of the form and a dollar amount of Housing Allowance is entered in the Housing Allowance box) then you can enter, as a minimum, the amount computed shown in the No Parsonage box.

Please Note: If the church has not already done so, it must adopt the United Methodist Personal Investment Plan (UMPIP) as a plan sponsor and submit this adoption agreement (on forms available from WESPATH or the Conference) to the Wespath Benefits and Investments -formerly GBOPHB - (WESPATH). If the pastor has not previously been contributing to UMPIP, he/she must submit to WESPATH a Before-Tax and After-Tax Contributions Agreement and an Enrollment Form (these forms are available from the Northwest Texas Conference).

Page 1, Line 7b – UMPIP Contribution. – Tax Deferred? Enter “Y” for Yes if this is a tax-deferred plan or “N” for No if it is not a tax-deferred plan or a Roth contribution. The only permissible entries on this line are “Y” or “N”.

Page 1, Line 8 – 403B Contribution to Other than UMPIP. This is a contribution to a private IRA held with a bank or investment firm. There must be a voluntary compensation reduction agreement on file with the church and you may elect it to be tax deferred.

Page 1, Line 9 – Total Payroll Deductions. The Excel form calculates this automatically.

Page 1, Line 10 – Net Compensation. *(line 4 minus line 9).* **This calculation automatic in Excel.**

BASIS FOR APPOINTMENT SECTION

Page 1, Line 11 – Total Cash Compensation. *The amount from Line 4.* **In Excel this is done automatically.**

Page 1, Line 12 – Accountable Reimbursement. **Accountable reimbursement amounts must be broken out on Worksheet 2 on Page 2, and a copy of the Accountable Reimbursement Policy must accompany the Compensation Form.** Reimbursements are made only for documented (vouchered) expenses, i.e. receipts are required, and must be incurred in the normal course of your job as pastor. It reflects the maximum amount for which receipts may be submitted. A sample of the Accountable Reimbursement form may be found at: <http://www.gcfa.org/tax-packet>.

This DOES NOT include parsonage expenses such as utilities, insurance or maintenance. These things must either be part of Cash Allowances or the Housing Exclusion Declaration.

WORKSHEET 2 – ACCOUNTABLE REIMBURSEMENT PLAN

Worksheet 2 has been provided to assist you in completing Accountable Reimbursement Line 12 on Page 1 and must be included with the Compensation Form and Resolution Document.

In general, no more than 50% of the total amount of accountable reimbursements - except for Annual Conference expense - should be paid by the end of the month of June when a pastoral change may take place. This insures the ability of a new pastor to access the fair amount of these funds should a change in appointment take place.

Page 2, Worksheet 2, Line A - Travel – any funds available to the pastor in anticipation of travel expenses should be included on this line. These funds require vouchers/receipts and are disbursed as supporting documentation is provided.

Page 2, Worksheet 2, Line B - Continuing Education, Books and Publications – any funds available to the pastor for paying continuing education expenses and purchasing books and publications should be included on this line. These funds require vouchers/receipts and are disbursed as supporting documentation is provided.

Page 2, Worksheet 2, Line C – Dues, Fees, and Entertainment – any funds available to the pastor for paying expenses related to membership fees, dues and entertainment. These funds require vouchers/receipts and are disbursed as supporting documentation is provided.

Page 2, Worksheet 2, Line D - Annual Conference Expenses – any vouchered expenses paid by the local church which are related to the attendance of the pastor at annual conference. These funds require vouchers/receipts and are disbursed as supporting documentation is provided. When an appointment change is being made in June, the

currently appointed pastor attending the session of Annual Conference should be given access to all of the funds listed on the Annual Conference Expense line item.

Page 2, Worksheet 2, Line E – Other Reimbursable Expenses Total – This is the total from Lines F – G and is computed automatically by Excel.

Page 2, Worksheet 2, Lines F-H - Other Reimbursable Expenses – any other vouchered expenses paid by the local church not included in Worksheet 2 lines A-D. Descriptions of the expenses and amount breakdowns are required for each Other Reimbursable Expense. In the Excel spreadsheet version of the form, you need only fill out the Description and amount on Lines F-H. The total will automatically transfer to Line E. These funds require vouchers/receipts and are disbursed as supporting documentation is provided.

Page 2, Worksheet 2, Line I - The total from Worksheet 2, Line I will be computed automatically and entered on Line 12 of page one of the compensation form.

Page 1, Line 13 – Total Basis for Appointment. *Total of lines 11 & 12.* This amount is computed automatically in Excel.

BENEFITS SECTION*

Page 1, Line 14 – Conference Health Insurance Billed to Local Church – If the pastor is Full-Time (Charge appointment percentage equals 100%), then the Charge is billed \$1,400 per month, or \$16,800 per year. If the pastor serves less than a full-time appointment, then no health insurance is provided.

Page 1, Lines 15a – 15b - % of Health Insurance Billed - If this Compensation Form is for a full-time pastor at a multiple-point charge (as determined by “MF” entered in the CHARGE TYPE box at the top of the form), then you will be further prompted to enter the **PERCENTAGE of the Health Insurance to be billed to Church 1 and the PERCENTAGE of the Health Insurance from Line 14 to be billed to Church 2** (names of churches are designated on Page 3) in the shaded boxes in toward the right margin on Lines 15a and 15b.

Page 1, Line 16 – Utilities – If all utilities for parsonage are not paid by the church, enter amount paid.

Page 1, Lines 17 – Estimate of Comprehensive Protection Plan (CPP) 100% Appointments only – To assist the church in budgeting, the amounts from boxes on Line 18 - Parsonage provided or No Parsonage provided will be inserted automatically by Excel based upon the entry at the top of the form – “Y” for parsonage, “N” for no parsonage.

Page 1, Line 18 – In Excel, these calculations are done for you. For your information, the calculations are as follows:

If parsonage provided:

1. Take Line 4, Page 1 (Total or Gross Cash Payment) and multiply by 1.25 to get Plan Compensation.
2. Multiply the results of 1. above by .03 (3%) to get annual CPP amount.

If no parsonage provided, but housing allowance is provided

2017 Pastor's Compensation Form Instructions

1. Add Line 4, page 1 (Total or Gross Cash Payment) and amount entered in the second box at the top of the form (Housing Allowance)
2. Multiply results of line 1 above by .03 (3%) to get annual CPP amount.

IMPORTANT NOTICE - All full-time clergy must receive compensation and housing equaling at least 60% of the Conference Average Compensation (CAC). In 2017 the CAC is \$66,078. This means the minimum you can receive in compensation is \$31,718 (Total or Gross Cash Payment) if you have a parsonage or a total of \$39,647 in compensation and housing allowance.

If your Total Cash Compensation (Line 11, page 1) plus parsonage or housing allowance is over 200% Denominational Average Compensation (DAC), which for 2017 is \$68,333, your Annual CPP will be capped at \$4,099.98.

Page 1, Line 19 – Estimate of Clergy Retirement Security Program (CRSP) – 50% or Greater Appointments. To assist the church in budgeting, the amount from Line 20 - Parsonage provided or No Parsonage provided will be inserted automatically based upon the entry at the top of the form – “Y” for parsonage, “N” for no parsonage.

Line 20 –The Excel version calculates these amounts automatically. For your information, the calculations are as follows:

If parsonage provided:

1. Take Line 4, Page 1 (Total or Gross Cash Payment) and multiply by 1.25 to get Plan Compensation.
2. Multiply the results of 1. above by .12 (12%) to get annual CPP amount.

If no parsonage provided, but housing allowance is provided

1. Add Line 4, page 1 (Total or Gross Cash Payment) and amount entered in the second box at the top of the form (Housing Allowance)
2. Multiply results of line 1 above by .12 (12%) to get annual CPP amount.

SIGNATURES and DATE

The compensation report is considered invalid unless executed by all of the individuals indicated in this section of the compensation report. Therefore, please have each individual sign and date the compensation report on the appropriate line.

CHARGE INFORMATION SHEET –

If the Compensation Form is for a multiple-point charge, then the Charge Information Sheet on page 3 must be completed.

Enter the name of each church on the respective line at the top of the page.

The amounts from Page 1 of the Compensation Form carry over automatically to the Total Church 1 and Church 2 Column.

2017 Pastor's Compensation Form Instructions

If the Charge Type entered in the box on page 1 is other than “S” for Single, you must divide each item of compensation between Church 1 and Church 2. If the sum of the amount entered for Church 1 and the amount entered for Church 2 do not equal the total amount that automatically carries forward from page 1, an error message will result.

IF YOU HAVE QUESTION

Do you have questions? Call your Conference Benefits Officer (Dave Andersen) or Assistant (Janie Davis) at 806-762-0201 ext. 12 or 14 or you may contact your District Superintendent.