

MISSOURI CONFERENCE OF THE UNITED METHODIST CHURCH

Instructions: 2012 Pastoral Support Form

The purpose of this document is to help give direction to the Pastor or Staff/Parish Relations Committee, Pastor, Church or Charge Conference, and Church Treasurer in establishing and reporting the Pastoral Support within the parameters that have been established by the Internal Revenue Service [IRS].

The Pastoral Support Form is a very important document. Information reported on this form is used for several purposes:

- Setting Pastoral Compensation for the local church
- Reporting Compensation to the General Board of Pensions
- Reporting Compensation to the Internal Revenue Service
- Reporting Compensation to the Appointive Cabinet

INSTRUCTIONS

Line 1, Cash Salary Paid to Pastor. Report the actual "cash" salary to be paid to the pastor.

Line 2, Other. To be used as needed at the direction of the District Superintendent.

Line 3, Pastor's Personal Contribution to Pensions (*After-Tax*) (From the "Monthly Billing Statement" of the General Board of Pensions.) If the church pays the Personal Contribution on behalf of the pastor and does not withhold the Personal Contribution from the Cash Salary Paid to Pastor, or if the pastor does not provide personal payment, then the Personal Contribution is considered part of salary and should be reported here.

Line 4, Funds designated to cover Social Security. For Social Security purposes, your pastor is considered "self-employed." As such the local church is to make no employer's contribution to the pastor's social security. If the church wants to add an amount of money to help offset the cost of the self-employed Social Security rate, it must be reported as taxable cash compensation and reported here.

Line 5, Personal share, if any, of other insurance. Use this line to report personal share of any other insurance paid on behalf of the pastor.

NOTE: The total of lines 1 through 5 is taxable income reportable to the IRS at the end of the year on a W-2 form.

Line 6, Tax Deferred Pensions. This is the amount the local church withholds for payment of the Salary Reduction Contribution on the "Monthly Billing Statement" from the General Board of Pensions. There are two agreement forms for participation in General Board of Pensions tax deferred annuities: "Agreement for Contributions to the Salary-Reduction Account of the Personal Investment Plan" and "Billing Request for the Salary-Reduction Account of the Personal Investment Plan" needed to establish the Salary Reduction Contribution with the General Board of Pensions. The "Agreement for Contributions..." form is to be kept by the church. It is recommended that the "Billing Request..." form be sent to Trudy McManus at the MO Area Conference Center, although it can be returned directly to the GBOP. These forms are obtained by calling Trudy McManus, Clergy Relations Coordinator, at the MO Area Conference Center, 1-877-736-1806.

Line 7, Other 403b Pensions. This is the amount the local church withholds for payment into other qualified 403b retirement plans arranged through an investment representative or tax consultant. Plans must qualify as defined by the IRS.

Line 8, Furnishings Allowance. A portion of the pastor's salary may be designated as a "Furnishings Allowance" to be used to meet the costs of furnishing a parsonage. Because this is a housing related item it is not income taxable and is not included on the W-2. It is the pastor's responsibility to keep track of expenses and to declare any unused portion of the allowance as "other income" on IRS Form 1040. The "Furnishings Allowance" should be included in a motion adopted by the Church Council at the beginning of the year in which it is to be used.

Line 9a, Medical Reduction. (Section 125 Approved Plan). Please note: Pastors covered by the conference health insurance program "Healthflex" may participate in a Section 125 Approved Plan administered through Healthflex. Information is available from HealthFlex or Trudy McManus at the Conference Office. **Pastors must elect the Medical Reduction amount during the HealthFlex open enrollment period in November.**

Line 9b, Dependent Care Reduction. (Section 125 Approved Plan). Please note: Pastors covered by the conference health insurance program "Healthflex" may participate in a Section 125 Approved Plan administered through Healthflex. Information is available from HealthFlex or Trudy McManus at the Conference Office. **Pastors must elect the Dependent Care Reduction amount during the HealthFlex open enrollment period in November.**

Line 10, HealthFlex Dependent Health Insurance Premium. Pastors may purchase HealthFlex dependent health insurance on a before tax basis. To do so, the pastor needs to enter into a salary reduction agreement with the church for the amount of the premium. Dependent Health Insurance Salary Reduction Agreement forms are available from the Conference Treasurer's Office and the Conference web site.

Line 11, Parsonage or Housing Allowance. Check if parsonage is provided. If a housing allowance is provided, check and enter the amount. In some instances the local church provides housing allowance for the pastor to help pay towards his or her own housing. The housing allowance is used only in those instances where a parsonage is not available for the pastor. If the church provides neither a parsonage nor a housing allowance, please check "neither". According to Internal Revenue Service rules, only ordained clergy and local pastors may receive the use of a parsonage or a housing allowance as tax-exempt compensation. It is recommended that housing allowances should not exceed 25% of the pastor's total salary (Line A on 2012 Pastoral Support form).

NOTE: The pastor is responsible for paying Self Employment (Social Security and Medicare) Tax on the fair market rental value of the parsonage with utilities provided.

Line 12, Utilities & Service Costs. Being housing related, utilities are not reported to the IRS on a W-2. It is strongly recommended that utilities be paid directly by the church or reimbursed to pastor upon proper documentation. Utilities may include gas, electricity, water, sewer service, base telephone plus church-related long distance charges, trash service, and basic cable TV. If a utility allowance is used, the pastor is responsible for the payment of all utility bills. If the pastor receives a utility allowance, it is the pastor's responsibility to keep track of expenses and to declare any unused portion of the allowance as "other income" on IRS Form 1040.

Line 13 and 14, Travel & Professional Expenses/Continuing Education. It is strongly recommended that these be established as part of an "Accountable Reimbursement Plan." The pastor and Church Council negotiate what is to be reimbursed and determine a maximum amount to be reimbursed. (Examples of reimbursable items include church-related business mileage at the IRS established rate, annual conference expense, continuing education expense, books and periodicals, Internet expense, and other reasonable kinds of business expense.) The agreement and budget is passed at an official meeting of the Church Council and entered into the minutes. The amounts budgeted for these items are proposed and adopted by the Charge or Church Conference. The pastor must keep appropriate records and a mileage log. Copies of these are to be submitted on a timely basis for reimbursement. If the pastor does not use all of the funds budgeted, the pastor DOES NOT get the unused funds. The amount set by the Charge or Church Conference is a ceiling for the year. The ceiling can only be changed by making arrangements with the District Superintendent and through further Charge or Church Conference action. If handled properly, the Accountable Reimbursement Plan makes reimbursements non-taxable.

Line 15, HealthFlex Premium. This is the premium for full-time pastor's portion of the HealthFlex premium which will be billed by and payable to the Annual Conference. If a pastor chooses to purchase dependent health care insurance

through HealthFlex, the premium amount will be put on Line 10. For part-time pastors, if the church pays for personal and/or dependent health insurance from another source, the amount will be included in line 5, Cash Salary.

Line 16, CRSP. CRSP (Clergy Retirement Security Program) is the amount provided by the church for the pastor’s retirement. CRSP will be billed by and paid to the Conference Treasurer’s Office.

CRSP is 12.22% of the PASTOR’S COMPENSATION. [Use worksheet to calculate CRSP]

Line 17, CPP. CPP (Comprehensive Protection Plan) provides death, long-term disability and other welfare benefits for full-time clergy.

CPP is 3% of the PASTOR’S COMPENSATION. [Use worksheet to calculate CPP]



PASTORAL COMPENSATION INFORMATION

The PASTOR’S COMPENSATION includes the TOTAL SALARY from Section A, plus a housing component. If the pastor lives in a church provided parsonage, the housing component is 25% of the Total Salary. If the pastor receives a housing allowance, the housing component is the housing allowance including utilities.

Minimum Salary Support
(Line A of the Pastoral Support Form)

Following is the minimum salary support information for 2012 as approved at the 2011 Annual Conference session. *[Note: this is not the chart used for calculating pension benefits. That calculation will be made using the Pastor’s Compensation as defined above.]*

	2012			
	Full-time	3/4 time	1/2 time	1/4 time
Full Member	\$35,838	\$26,879	\$17,919	\$8,960
Provisional/Associate Member	\$35,388	\$26,541	\$17,694	\$8,847
Local Pastor	\$34,588	\$25,941	\$17,294	\$8,647

It was also recommended that the total allotted for travel, utilities, continuing education and professional expenses for all full-time clergy be a minimum of \$7,000 per year.

Health Insurance

Following are the health insurance rates for full-time clergy and dependents.

HEALTH INSURANCE FOR 2012	
Clergy or Lay Employee	\$8,760
plus One Dependent (spouse or child)	\$7,836
plus Family (multiple dependents)	\$12,360