

# Instructions for the 2009 Clergy Compensation Report

These instructions are written to help provide some definitions and explanations for the worksheet titled “**2009 Clergy Compensation Report.**” The numbers you enter are based on the compensation being set for the year 2009. This form is identical to the form used last year except the CRSP/CPP minimum dollar amounts have been changed. (Note: The form and instructions are focused around elders and local pastors, and are helpful, but not fully accurate for deacons.)

Please feel free to contact the conference office (800-536-3736 or 303-733-3736 – Wayne Bettendorf ext. 151 ([wayne@rmcumc.com](mailto:wayne@rmcumc.com)) or Donna Hite ext. 150 ([donna@rmcumc.com](mailto:donna@rmcumc.com)) for help.

## **Box A – Salary**

- A.1.** - This box should show the total money to be paid to the pastor as salary and other cash compensation. Examples of other cash compensation include any payments to cover self-employment taxes, bonuses, any payments to the United Methodist Personal Investment Plan (UMPIP) at the Board of Pensions, any Medical Reimbursement or Dependant Care payments (Sec. 125), and any other payments to other investment plans or 403(b) retirement plans. This amount does NOT include any housing allowance, any CRSP and CPP payments to the Board of Pensions, HealthFlex premiums (except MRA or DCA amounts) or any reimbursable expense items. **By annual conference action, this amount should be at least \$30,830 (for the year 2009) for full-time clergy.**
- A.2.** – This is the amount your church may be designating as the housing allowance.
- A.3.** – This is the total of boxes A.1. plus A.2. If you do not break out the housing allowance as a separate item, simply enter all cash paid to the clergy in this box (in other words, it is OK to leave A.1. and A.2. blank if you enter all cash paid in this A.3. box).

## **Box B – Housing**

Start by checking the appropriate box – “Yes” or “No”

- B.1.** - If the pastor lives in a parsonage, this calculation is necessary to provide a proper pension and benefit base.
- B.2.** - This is the housing exclusion as authorized by your church’s SPPR/Administrative Council. This normally is the amount used by the pastor in obtaining a home, but can also be the amount related to the pastor’s expenses while living in a church-owned parsonage.

### Definitions that might help:

**Housing allowance** (box A.2.) – cash paid to the clergy in lieu of a parsonage

**Housing exclusion** (box B.2.) – cash reclassified by local church board action each year (as allowed by the IRS) to offset housing costs and not subject to income taxation.

**NOTE:** These two amounts do **NOT** need to be the same

## **Box C – Housing Expenses Paid Directly by Church**

These are the budgeted costs anticipated to be paid by the church directly to utility companies, contractors, etc. None of this money is paid directly to the pastor, but these expenses are the budgeted amounts your church expects to spend during the year. Most pertain to a church-owned parsonage, but some costs may be paid even if the pastor lives in his/her own home.

## **Box D – Accountable Reimbursement Plan**

These are the costs for business expenses incurred and paid for by the clergy and then reimbursed by the church (upon presentation of an appropriate, documented request). These categories are self-explanatory.

If you do not use similar categories, or if you simply lump everything into one category, you can use line D.6 and then show the total on D.7.

## **Box E – Taxable Compensation Calculation**

This information is required in order to properly calculate the clergy’s pension funding and also the end-of-the-year W-2 box 1 information.

**E.1.** - This is the same as A.3.

**E.2.** - This will include any pre-tax contributions to the United Methodist Personal Investment Plan (UMPIP) sent to the General Board of Pension and Health Benefits on behalf of the pastor. In addition, any other before-tax contributions made to any other 403(b) plan should be included here. This does NOT include payments made to the Clergy Retirement Security Plan (CRSP). The base standard for this is a 3% pre-tax amount, and that is 3% of the combined total of lines A.3. plus B.1. This amount is also the amount listed on the W-2 tax form at the end of the year in box 13.

**E.2.a. - Those who wish to Change their UMPIP withholding MUST complete a CHANGE FORM available for downloading with this form.** The Form MUST be sent to the Conference Office.

**E.3. -** A pastor may have salary-reduction payments made to a cafeteria plan, also referred to as a flexible spending plan. Through HealthFlex, we offer such a plan for Dependent Care Accounts (DCA) and Medical Reimbursement Accounts (MRA). Dependent Care amounts should be included on the W-2 tax form at the end of the year in box 10.

**E.4. -** This is the same as B.2.

**E.5. -** Subtracting the amounts in boxes E.2., E.3. and E.4. produces the amount of church income that the pastor will be paying income tax on. This amount should be included on the W-2 tax form at the end of the year in box 1.

Definitions that might help:

**CRSP (Clergy Retirement Security Plan)** – the name of the clergy pension plan and is funded by each church paying 15% of the pastor's compensation. There is no upper limit to CRSP funding.

**CPP (Comprehensive Protection Plan)** – the name of the clergy plan that provides disability benefits and death benefit payments and is funded by each church paying 3.0% of their full-time pastor's compensation. The CPP limit is based on double (200%) the DAC of \$58,226 in 2009.

**Box F – CRSP Plan Compensation**

**F.1. -** This is the same as A.3.

**F.2. -** This is needed to calculate the compensation base that is used for benefit purposes.

**F.3. -** This amount is used for the percentage calculations on CRSP benefits.

**Box G – CPP Plan Compensation**

**G.1. -** This is the same as A.3.

**G.2. -** This is needed to calculate the compensation base that is used for benefit purposes.

**G.3. -** This amount is used for the percentage calculations on CPP benefits. For the year 2009, this amount is limited to no more than \$116,452.

**Box H – Clergy Benefits**

These are the costs for benefits to be paid directly by the church.

**H.1. -** This is 15% of the amount in box F.3.

**H.2. -** CPP For full-time clergy (including deacons) is 3.0% of the amount in box G.3.

**H.3. -** This is the HealthFlex premium to be paid in 2009. For clergy under full-time appointment, it must be a minimum of the single rate. The annual single rate for 2009 is \$9,828. It is \$18,132 for two-party, and \$22,788 for family coverage.

**H.4. -** Indicate any other benefits that are provided to the clergy. Examples here might include additional insurance (such as the BPP program) or an automobile (yes, it does happen in rare cases).

**H.5. -** This is the total of these four lines.

**Total church budget impact**

This is the total cost projected for 2009 to the church for that clergy. It includes the pastor's total compensation along with all other expenses related to that position.

**Total annual paycheck to clergy**

This is the "take-home pay" that the clergy will receive.

Once again, please feel free to contact the Conference Office (800-536-3736 or 303-733-3736 – Wayne Bettendorf ext. 151 ([wayne@rmcumc.com](mailto:wayne@rmcumc.com)) or Donna Hite ext. 150 ([donna@rmcumc.com](mailto:donna@rmcumc.com)) for help with these forms. Also, we will be glad to attach the Microsoft Excel file to an e-mail for those who wish to complete the forms on their computer.