2018 FSA Salary Reduction Increase

The IRS announced that the 2018 maximum salary reduction has been increased to $2,650. The 2018 Clergy Compensation Form and Instructions have been updated and are now available on our website.

The UMC of Greater NJ does not offer an FSA for clergy; entering an amount in Line 10 does not constitute an FSA plan – see Line 10 instructions. FSA payroll deductions must be held in a qualified FSA plan offered by your employer (local church). Detailed receipts are required for reimbursement of IRS qualified expenses.

*Line 10 - Flexible Spending Account* – Reporting an amount on this form does not constitute a Flexible Spending Plan. This is an amount withheld from the pastor’s salary and used by the church to reimburse medical or childcare expenses on a tax-exempt basis. **The maximum allowable amount is $2,650.** Do not use this line to report medical expenses that are not reimbursed under a qualified Section 125 plan - use line 15. The church’s plan must have a written Plan Document and an Enrollment Form. A Plan Form is required to change the amount withheld per IRS rules. Professional assistance is recommended to set up Section 125 Flexible Spending Plans.