



# Wespath

BENEFITS | INVESTMENTS

## Notice

### **NOTICE TO LOCAL CHURCHES REGARDING MOVING EXPENSE PAYMENTS: CHANGES DUE TO FEDERAL TAX LAW (ENACTED DECEMBER 2017)**

This Notice to Local Churches was developed by Wespath Benefits and Investments to provide general information to local churches about the change in federal tax law concerning moving expense payments, and the importance of reporting such payments to their conferences.

#### **Tax Cuts and Jobs Act: Changes to Moving Expense Payments**

The Tax Cuts and Jobs Act of 2017 changed, among other things, the taxability of moving expense payments made to or on behalf of individuals, including clergy. This broadly includes moving expense reimbursements, payments by churches or conferences directly to moving companies, etc.—which are now taxable if made during the years 2018 through 2025. These amounts will be includable in the gross income of clergy, and also will be subject to self-employment taxes (“SECA”).

#### **Benefit Plan Impact**

Since moving expense payments are now “compensation” under U.S. tax law, they also will be considered plan compensation for certain Wespath benefit plans—the Comprehensive Protection Plan (CPP), the Clergy Retirement Security Program (CRSP) and the Retirement Plan for General Agencies (RPGA)—which define plan compensation to include any remuneration to the extent it is included in the participant’s gross income.

When plan compensation increases, associated benefits in CPP, CRSP and RPGA also increase for active clergy, as plan benefits are generally based on plan compensation.

The tax law is scheduled to be in effect from 2018 until the end of 2025, when the changes are scheduled to sunset.

#### **Reporting Requirements**

It is important and necessary for local churches to report any moving expense payments made to, or on behalf of, active clergy to their annual conference for benefit

calculation purposes. Annual conferences will share this information with Wespath, so the full compensation of all active clergy can be taken into account for plan benefit determination purposes.

If local churches fail to report moving expense payments to conferences, clergy may receive fewer benefits than they should be entitled to under the terms of the plans, which could expose local churches to liability for such benefits and losses of plan earnings.

#### **What to Report to Your Annual Conference**

Your annual conference needs to know:

- The amount of any moving expense payment provided to or on behalf of an active clergyperson,
- The date on which it was paid, and
- The name of the clergyperson.

Please send this information to your annual conference as soon as the moving expense payment is made.

#### **How to Report Moving Expense Payments to Your Annual Conference**

Your annual conference will explain the process it would like local churches to follow when reporting moving expense payments.

#### **Additional Information on Moving Expense Payments**

Additional information on moving expense payments—including information about the tax and benefits implications for clergy—will be provided in upcoming *Hark* articles. A video will also be prepared by Wespath, for annual conferences, local churches and clergy. To read a Q&A for plan sponsors, click [here](#); the participant version is available [here](#).

## Sample Form for Annual Conferences to Provide to Local Churches

This sample form can be customized by annual conferences and provided to local churches to use when reporting moving expense payments to the conference.

### Moving Expense Payments Provided to Clergy by a Local Church

Name of Local Church: \_\_\_\_\_

Name of Clergyperson: \_\_\_\_\_

Date Paid: \_\_\_\_\_ Amount of Payment: \_\_\_\_\_

Please provide this completed form to \_\_\_\_\_

by e-mailing to \_\_\_\_\_ or faxing to \_\_\_\_\_.

Please provide this completed form to the conference as soon as reasonably feasible, preferably within two weeks

of payment. If you have questions, please call \_\_\_\_\_

at \_\_\_\_\_.