



# UNITED METHODISTS OF GREATER NEW JERSEY

## 2023 CLERGY COMPENSATION REPORT INSTRUCTIONS

**READ INSTRUCTIONS BEFORE COMPLETING THIS REPORT**

### Purpose and Process

The Clergy Compensation and Expense Report is used to set the pastoral compensation for those under appointment by the Bishop to a church. This report ensures that pastors are receiving a salary consistent with GNJ’s equitable salary guidelines, as well as appropriate benefits based on conference relationship and appointment status. **This form should be completed for each pastor under appointment.** This report is completed by the SPRC and then brought to the Church Council for approval and signature prior to submission and action by the Charge Conference. The recommendation becomes final after action by the Charge Conference and the signature of the District Superintendent.

### Complete This Report in Excel Only

This report exists in Excel in order to make completing the form easier for the local churches. In order for certain amounts to automatically calculate correctly, please only complete this report in Excel. **Handwritten forms cannot be accepted.**

### Housing Exclusion Resolution Now Attached

In order to make completing the Housing Exclusion Resolution easier (required from all clergy), this form has now been added as a third page to the Clergy Compensation Report. Page 3 will automatically be completed for you upon entering amounts on line 6 and/or line 12 of this report. The only item on page 3 that must be manually entered is the pastor’s home address.

### Form W-2 Reporting

For the appropriate W-2 reporting boxes, please refer to the individual lines on the Clergy Compensation Report.

### Date Effective

The effective date for changes in compensation is January of the new year, except in the case where there is a change either in the pastor’s status or the pastoral appointment at some other date.

### Multi-Point Charge

For a multi-point charge, each church should be assigned one of the columns (Church A, B, or C) and this should be used consistently throughout the report.

### Conference Relationships

<b>AF</b>	Affiliate Member	<b>OP</b>	Probationary Member of Other Conference
<b>AM</b>	Associate Member	<b>OR</b>	Retired Member Other Conference
<b>CP</b>	Coordinating Pastor	<b>PE</b>	Provisional Elder
<b>DM</b>	Diaconal Minister (1992)	<b>PD</b>	Probationary Deacon
<b>DR</b>	Retired Diaconal Minister (1992)	<b>PL</b>	Part Time Local Pastor
<b>FD</b>	Deacon in Full Connection	<b>RA</b>	Retired Associate Member
<b>FE</b>	Elder in Full Connection	<b>RD</b>	Retired Deacon in Full Connection
<b>FL</b>	Full Time Local Pastor	<b>RE</b>	Retired Full Elder
<b>LM</b>	Certified Lay Minister	<b>RL</b>	Retired Local Pastor
<b>OA</b>	Associate Member Other Conference	<b>RO</b>	Retired Member Other Conference
<b>OD</b>	Deacon Member Other Conference	<b>RP</b>	Retired Probationary Member
<b>OE</b>	Elder of Other Annual Conference	<b>SP</b>	Student Local Pastor
<b>OF</b>	Full Member Other Denomination	<b>SY</b>	Supply Pastor

## Minimum Salary

The Minimum Equitable Salary Guide can be found at the back of these instructions. This guide represents the minimum amount of a pastor's cash salary linked to status and years of full time service. Only full time years of service are used to calculate the minimum salary (part time equivalents are not eligible). Pastors receiving their first full time appointment will move to level one on January 1<sup>st</sup> after having been appointed for a complete appointment year. For example, a pastor receiving his/her first full time appointment on July 1, 2022 would move to level one on January 1, 2024. Please check with your pastor to determine their number of full time years under appointment.

## Line-by-Line Report Instructions

### 1. Church Salary

This is the cash salary that is recommended and approved by the SPRC and Church Council that comes from local church resources.

### 2. GNJAC Equitable Compensation Grant

If the church has a letter from the District Superintendent providing a grant for Equitable salary, that amount is entered here. Do not include amounts requested but not yet approved through the grant process.

### 3. GNJAC Salary Supplement Grant

If the church has a letter from the District Superintendent providing a grant for Supplemental salary, that amount is entered here. Do not include amounts requested but not yet approved through the grant process.

### 4. GNJAC Other Grant

If the church has a letter from the District Superintendent providing a grant for items other than equitable or supplemental salary (i.e., assistance to pay benefits, health insurance, or other expenses) that amount is entered here. Do not include amounts requested but not yet approved through the grant process.

### 5. Taxable Cash Allowances

Enter any amount designated for non-vouchered expenses (i.e., the church gives the pastor an allowance and does not ask for an accounting of how it was spent or does not require IRS documentation). Note: this is taxable income.

### 6. Housing Allowance

This is cash paid directly to a pastor to provide his/her own home when a parsonage is not provided (pastor pays SECA tax). This increases the dollar amount budgeted by the church for a pastor's compensation.

If you are receiving a Housing Allowance, it is recommended to exclude this amount (or some other designated amount) from the pastor's taxable income as a Housing Exclusion (Line 12 of this report). Pastors should consult their accountant to determine how to calculate exclusions. See more information on a Housing Allowance [here](#).

In addition to designating this allowance on the Clergy Compensation Report, the IRS requires that a Housing Exclusion Resolution be completed. A housing allowance should always be documented only in Box B of this form. Entering the amount of the Housing Allowance in line 6 of the Clergy Compensation Report will automatically enter this information into the Housing Exclusion Resolution on page 3.

### 7. Total Salary

This line will automatically calculate the total of lines 1-6. This amount represents the total amount of cash salary paid to the pastor from all sources.

## TAX SHELTERED SALARY ITEMS (Lines 8-13)

Use this section to list the tax-sheltered portion of the salary reported on Line 7. Any of these tax-sheltered designations do not increase the church's financial responsibility but is a deduction from the pastor's cash compensation. These items should not be reported in Form W-2 Box 1 as taxable income. Refer to the individual lines on the Clergy Compensation Report for the appropriate reporting boxes.

### 8. Tax-Deferred UM Personal Investment Plan (UMPIP)

UMPIP is a retirement plan administered by Wespath Benefits and Investments. A pastor may choose to have this amount withheld from his/her salary and sent to Wespath for investment in their Personal Investment Plan (UMPIP) on a tax-deferred basis. Contribution to UMPIP is strongly recommended and is the option of the pastor. **Per 2012 General Conference changes, pastors contributing at least 1% of Plan Compensation into UMPIP will gain an additional 1% match into CRSP.**

Pastors must complete a Contribution Election Form if this is a new appointment or a new election. This form should be sent directly to Wespath and also filed at the local church. This form and more information on UMPIP are available [here](#).

#### **9. Other Tax-Deferred IRS Section 403(b) Investment**

This line is for retirement savings withheld from salary and paid to a plan other than UMPIP, such as a 403(b).

#### **10. Flexible Spending Account Contribution**

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 \$2,850.** Reporting an amount on this line does not constitute a Flexible Spending Plan. The church 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. Do not use this line to report medical expenses that are not reimbursed under a qualified Section 125 plan. Instead, use line 16.

#### **11. Health Savings Account Contribution**

Participants who choose a HealthFlex HSA Plan, considered by the IRS to be a qualified high-deductible health plan, have the option to contribute to a tax-advantage health savings account (HSA). Personal HSA contributions are deducted from your compensation on a pre-tax basis. The Conference will bill personal contributions on the local church's billing statement. **The maximum allowable amount is \$3,650 (single), \$7,300 (family).** An HSA is a triple federal tax-advantaged account as it is deducted from gross income, interest or investment earnings accrue tax-deferred, and HSA withdrawals are tax-free for eligible expenses. Participants age 55 and older are eligible for an additional \$1,000 contribution for single or family coverage. Individuals enrolled in Medicare are not eligible to contribute to an HSA.

#### **12. Housing Exclusion**

A Housing Exclusion is an amount excluded from the pastor's taxable income for any amount spent on maintaining or furnishing the pastor's home. This is a dollar amount designated by the clergy person and approved by the local church to provide a tax shelter for housing-related expenses (pastor pays SECA tax).

A housing exclusion is meant to defray costs incurred by clergy which directly relate to providing a home for self and family including, as applicable, any and all of the following: rent, mortgage payments and interest, furnishings, insurance, real estate taxes, utilities, maintenance and upkeep, and any other expenses directly associated with the provision of housing. Allowable expenses do not include personal items such as food, clothing, entertainment, and domestic help. Any amount designated that is not spent must be added into the taxable amount by the pastor at the time of filing his/her taxes. A housing exclusion may not be done retroactively. Pastors should consult their accountant to determine how to calculate exclusions. See more information on a Housing Exclusion [here](#).

The IRS requires that all clergy complete a Housing Exclusion Resolution (even if the amount is zero). Entering the amount of the desired Housing Exclusion in line 12 of the Clergy Compensation Report will automatically enter this information into the Housing Exclusion Resolution on page 3.

#### **13. Total Tax Sheltered Salary**

This line will automatically calculate the total of lines 8-12.

#### **TAXABLE SALARY ITEMS (Lines 14-18)**

Line 14 is used to report taxable items deducted from the salary as listed on Line 1.

#### **14. Tax-Paid UM Personal Investment Plan (UMPIP)**

UMPIP is a retirement plan administered by Wespath Benefits and Investments. A pastor may choose to have this amount withheld from his/her salary and sent to Wespath for investment in their Personal Investment Plan (UMPIP) on an after-tax basis (considered taxable income in the current year). Contribution to UMPIP is strongly recommended and is the option of the pastor. **Per 2012 General Conference changes, pastors contributing at least 1% of Plan Compensation into UMPIP will gain an additional 1% match into CRSP.**

Pastors must complete a Contribution Election Form if this is a new appointment or a new election. This form is to be filed at the local church. This form and more information on UMPIP are available [here](#).

#### **15. Expenses Paid Directly by the Local Church Not Included in Lines 1-14**

These are expenses paid directly by the local church on behalf of the pastor, including reimbursements to the pastor for social security payments, auto expenses including auto insurance and lease payments, club memberships, children's scholarships, health insurance premiums for non-Conference health plans, etc. **The details of these expenses must be outlined in a written agreement and submitted with the Clergy Compensation Report.**

#### **16. Cash Paid to Clergy**

This line will automatically calculate.

#### **17. Total Federal Taxable Salary**

This line will automatically calculate.

#### **18. Total Salary**

This line will automatically calculate and must equal line 7.

### **PARSONAGE**

#### **19. Is a Parsonage Provide for Clergy?**

If the church provides a parsonage to the pastor, enter an X in the appropriate church column. Doing this will automatically populate the second half of line 19 which will be used to calculate line 20.

#### **20. Parsonage Value for Pension Purposes**

If an X is placed in line 19, this line will automatically calculate the amount for which the parsonage is valued for pension purposes (25%).

### **BENEFITS (NON-TAXABLE)**

#### **Lines A, B, C, D, and E**

Please enter an X on the appropriate line if you are in any of the categories listed in lines A-E. Doing this will automatically calculate the benefits that specific conference relationships and appointment statuses are eligible to receive. An X is not required for all conference relationships, and this should match the conference relationship and appointment status listed at the beginning of this report. If you are uncertain about the pastor's status, please ask your pastor. Appointment status and conference relationship information is provided on the clergy appointment memo for all new appointments.

- If you enter X in Box A or C, you are not eligible for CPP or UMLife Options.
- If you enter X in Box B, you are not eligible for CRSP, CPP, or UMLife Options.
- If you enter X in Box D (only eligible category is ½ time ordained clergy), you are eligible to receive UMLife Options (Box 26).
- If you enter X in Box E, you are not eligible for CPP or UMLife Options.

**Disclaimer:** if this section is completed incorrectly, the church will be billed the correct amount for pension and health insurance even if there is an error on this form.

#### **21. Health Insurance Premium for Conference Plan**

Only pastors serving under full time appointment are eligible to receive the Conference health insurance plan. If a pastor is serving full time, enter **\$20,500** as the 2023 health insurance premium. If not full-time, please leave this

line blank. If serving full time as part of a clergy couple, please enter the premium agreed upon by each church which is most commonly an even split of the premium amount.

## 22. Pension Plan Compensation

This line is automatically calculated. The amount on this line is the definition of compensation for pension purposes and is used to determine the CRSP, CPP, UMPIP, and UMLife Options benefits (lines 23-26) received by eligible pastors.

**Note:** Retired clergy and lay persons serving as Supply Pastor (SY) or Certified Lay Minister (LM) do not receive contributions for conference sponsored CRSP, CPP, UMPIP, or UMLife Options. For those pastors, lines 23-26 should be zero dollars. If, however, your church has adopted the UMPIP plan for lay employees, please enter the annual contribution amount for the Supply Pastor on Line 25.

## 23. Clergy Retirement Security Program (CRSP)

CRSP is a retirement program providing lifetime income for those who serve as clergy in The United Methodist Church. This line will automatically calculate. The amount on this line represents the annual premium that will be billed from the Conference to the local church.

- Only pastors serving full time,  $\frac{3}{4}$  time, or  $\frac{1}{2}$  time are eligible for CRSP.
- Only pastors serving less than full time can waive out of CRSP. If waiving out, leave this line blank.
- The amount in this line item does not directly correspond to the amount that is credited to the pastor's pension account with Wespath Benefits and Investments. Administration and uncollectable fees are included within this line item.
- More information on CRSP available [here](#).

## 24. Comprehensive Protection Plan (CPP)

CPP provides death benefits, long-term disability income replacement, and certain other survivor benefits for eligible clergy of The United Methodist Church and their families. This line will automatically calculate. The amount on this line represents the annual premium that will be billed from the Conference to the local church.

- Only pastors serving full time or  $\frac{3}{4}$  time are eligible.
- Part-Time Local Pastors and Student Local Pastors are not eligible.
- Administration and uncollectable fees are included within this line item.
- More information on CPP available [here](#).

## 25. UM Personal Investment Plan (UMPIP)

This line represents the church's contribution to UMPIP. This benefit is only available to pastors serving  $\frac{1}{4}$  time that are no longer eligible to receive CRSP (line 23). This line will automatically calculate. The amount on this line represents the annual premium that will be billed from the Conference to the local church.

- If waiving out of this benefit, leave this line blank. For a waiver form, please contact Alexa Taylor at [ataylor@gnjumc.org](mailto:ataylor@gnjumc.org).
- The amount in this line item does not directly correspond to the amount that is credited to the pastor's pension account with Wespath Benefits and Investments. Administration and uncollectable fees are included within this line item.
- More information on UMPIP available [here](#).

## 26. UMLife Options

UMLife Options is long-term disability and life insurance coverage offered to eligible United Methodist clergy and lay employees. This line will automatically calculate.

- Only  $\frac{1}{2}$  time clergy serving as a Full Member, Provisional Member, Deacon in Full Connection, or Associate Member are eligible.
- Part-Time Local Pastors or Student Local Pastors are not eligible.
- Administration and uncollectable fees are included within this line item.
- More information on UMLife Options available [here](#).

## 27. Other Non-Taxable Benefits

Indicate on this line any other non-taxable benefits you are paying for your pastor. The details of these benefits should be outlined in a written description and submitted with the Clergy Compensation Report. Non-conference health insurance premiums are taxable and should be entered on line 15.

### **28. Total Benefits Cost**

This line will automatically calculate the total of lines 21-27 (excluding line 22). This amount will be the total cost of all benefits paid by the local church.

### **REIMBURSED BUSINESS EXPENSES (NON-TAXABLE)**

An accountable reimbursement plan is not a salary reduction item (tax-shelter). A reimbursement assumes that the employer (church) is paying for the employee's (pastor) business expenses out of its own funds. When an employer pays an employee for his/her business expenses through a salary reduction, it is the employee and not the employer that is paying for the expenses. Reimbursements paid through a salary reduction agreement would be taxable to the employee. In order for a reimbursement plan to be accountable, the employee must submit proper documentation of the expense in a timely manner (no more than 60 days after the expense). **Note:** All full time clergy must receive a minimum of \$2,500 in reimbursable expenses.

### **29. Travel Expenses**

Show amount budgeted for reimbursed travel. Pastor must submit documentation of date, place, business purpose, and mileage.

### **30. Continuing Education Expenses**

Show amount budgeted for continuing education events. Pastor must submit documentation of date, place, and event.

### **31. Other Business Expenses**

List amount budgeted for other business-related expenses (e.g. business related meals, resources, etc.). Pastor must submit receipts.

### **32. Total Reimbursed Business Expenses**

This line will automatically calculate the total of lines 29-31.

### **TOTAL SALARY AND BENEFITS PACKAGE**

**33.** This line will automatically calculate the total of lines 18, 28, 32. That amount represents the church's overall financial commitment for this appointment year.

### **ELECTRONIC SIGNATURES**

This report no longer requires written signatures. Instead, this report can be signed with electronic signatures after receiving approval from all required leadership positions that sign this report. It is required to get electronic signatures before sending this report to the regional office. Clicking the "I Agree" box indicates that the salary package has been approved by the appropriate body. Final approval is contingent upon a vote by the charge conference and the signature of the District Superintendent.

### **IMPORTANT ITEMS TO NOTE:**

- **Health Insurance** – churches will be billed directly for their pastor's health insurance premium responsibility. This is separate from the church's blended rate premium. Churches should deduct this amount from the pastor's salary. This does not change the church's blended rate.
- **Dental & Vision Plans** – churches will be billed directly for their pastor's dental and/or vision plan enrollment. These plan costs are not the church's responsibility. Churches should deduct this amount from the pastor's salary.

- **Flexible Spending Account (FSA)** – Contributions to a FSA can be done through HealthFlex Exchange or the church's payroll company. If through HealthFlex Exchange, contributions are not the church's responsibility. Churches should deduct this amount from the pastor's salary.
- **Health Savings Account (HSA)** – If receiving an HSA, an additional personal contribution can be made to this account instead of to a separate FSA. See report instructions for information on max allowable contribution. HSA contributions are not the church's responsibility. Churches should deduct this amount from the pastor's salary.