

2021 Support Worksheet/Report Form

Instructions and Index

PLEASE NOTE: The compensation package must be approved at the Charge/Church Conference. The clergy is responsible to see that the completed 2021 Support Worksheet and Report Form is submitted to the District Superintendent's office for review NO LATER THAN (ten) 10 days prior to the scheduled Charge/Church Conference. If the form is not submitted by the deadline, the presiding elder, in consultation with the DS, is responsible for the rescheduling of the Conference.

Background

The Support Worksheet & Report Form is used by many. Churches/Charges use it to project the cost of clergy support for the coming year. Clergy use it for tax planning. The Conference Finance Office uses it to calculate the Clergy Retirement Security Program (CRSP), the church-funded United Methodist Investment Plan (UMPIP) and Comprehensive Protection Plan (CPP) billing amounts based on the total compensation package plus housing allowance or parsonage. The Cabinet uses it during the appointment-making process. It is important that the information is accurate. Please consult a tax professional for specific help with income tax questions as this form is not intended to offer more than general information. Call your District Administrator if you have any questions!

North Central: 414.271.5080

North East: 608.837.0056

North West: 414.271.5080

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This form needs to be completed for the following positions:

- lay supply
- retired clergy supply
- clergy from other denominations
- deacons
- full-time or less than full-time clergy
- licensed local pastors

Line 1: Start here.

This is the starting number for establishing clergy compensation. For tax planning purposes, clergy persons may elect to have a portion of this figure **EXCLUDED** from taxable income in the following categories:

- salary reduction contributions to IRS Code Section 125 Cafeteria Plan for medical expenses, dependent care expenses, and health, term life and disability insurance premiums.
- before-tax contributions to Wespath United Methodist Personal Investment Plan (UMPIP).
- before-tax contributions to a pension plan or tax-deferred annuity other than UMPIP.
- household furnishings exclusion.
- clergy's portion of health insurance premiums.

Amounts excluded for the above purposes are not reported on the pastor's IRS Form W-2 as taxable income but are included in the figure on line 1 of this form. **You may start with the line 1 total, or you may use the "Worksheet for line 1" to build the line 1 total.**

Some clergy may also elect to have a portion of the figure on line 1 **DEDUCTED** from the clergy's paycheck for the following purposes:

- clergy's after-tax contributions to a pension plan/tax-deferred annuity other than UMPIP.
- withholding for federal/state income tax/FICA.
- clergy's after-tax or Roth contributions to United Methodist Personal Investment Plan (UMPIP).

Amounts deducted for the above purposes are reported on the clergy's IRS Form W-2 and are included in the figure on line 1 of this form.

Lines 2-6: Benefits that churches are required to pay include the church's portion of clergy health insurance premiums and all clergy pension contributions (CRSP) and death/disability insurance premiums (CPP) or church-funded (UMPIP). Some churches provide additional benefits over and above the ones required. These are itemized on lines 2a. through 6 and are amounts in addition to what is reported on line 1. See the separate table of "**2021 Health Insurance Premiums**" insert for premium amounts. The **type of coverage** is either **S** (single), **P+1** (participant plus one dependent), **F** (family) or **CC** (clergy couple). There are **six plan options**, with eligible clergy choosing from **B1000, C2000, C3000, H1500, H2000 or H3000** coverage.

The three option dental plans are either **Dental Passive PPO 2000**, **Dental PPO** or **Dental HMO**. Optional enhanced **vision plans** are either the **Exam Core**, **Full Service** or **Premier** coverage. Group health insurance premiums paid by the charge as a benefit are not taxable and should not be reported on IRS Form W-2.

Lines 7: Report any housing allowance paid by the charge instead of providing a parsonage.

Lines 8: Estimated utilities paid by the charge for a parsonage.

Lines 17a.-19: Use the Pension Calculation Worksheets on the support worksheet to calculate these amounts. These figures will auto fill after you click pension worksheet 1 or 2 on line 17a.; 3 or 4 on line 17b.; 1 or 2 on line 18.

Lines 20-23: Enter the estimated (budgeted) amounts available to the clergy in exchange for a receipt or voucher. If vouchered expenses are not itemized, use line 20 for the total amount budgeted for all categories (professional expenses, books and publications, travel and continuing education).

Lines 24-25: If the churches are receiving Equitable Compensation or Missional Support from the Conference, enter the total amount anticipated to be received.

Line 26: Used to calculate total compensation package. This figure will auto fill after you complete the form.

Lines 27-35: Used to allocate clergy support expenses for multiple-point charges.

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The purpose of this index is to help you determine where to enter the various compensation amounts that make up clergy compensation. If you cannot find the word or phrase for which you are looking, please call your District Administrator if you have any questions!

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Accountable Reimbursements. Business expenses reimbursed to clergy in exchange for a receipt or voucher pursuant to an Accountable Reimbursement plan. If the church pays any amounts in excess of the substantiated expenses and the excess is not returned to the church, then this excess amount is considered taxable income to the clergy. Also, any reimbursement made to clergy for personal expenses is considered taxable income to the clergy. There are four different Accountable Reimbursement categories on this form: book and publication expenses on line 21, travel expenses on line 22, education expenses on line 23, and all other accountable reimbursement expenses on line 20.

Allowances/Exclusions. There are two kinds of allowances/exclusions paid to clergy that are considered non-taxable for reporting on the clergy person's IRS Form W-2: the housing allowance (line 7) and the furnishings exclusion (line 1e). All other allowances are considered taxable income and are included in the total on line 1. "Other allowances" are cash paid to a clergy person in anticipation of 1) professional expenses for which the clergy is not required to provide a receipt or voucher, or 2) personal expenses; e.g., allowances for out-of-pocket medical expenses.

Annual Conference Expenses. If the charge pays for a clergy's substantiated Annual Conference expenses, those payments are reported on line 4 if paid directly or on line 20 if paid under an Accountable Reimbursement plan. However, if the charge pays money directly to the clergy person in anticipation of Annual Conference expenses, and the clergy person is **not** required to substantiate these expenses, then the payments are considered to be a taxable allowance, which is included in the total on line 1.

Automobile Expenses. See "Travel Expenses."

Cafeteria Plan. See “IRS Code Section 125 Cafeteria Plan.”

Clergy Retirement Security Program (CRSP). This is the employer pension plan administered by the Wespath, which provides benefits only for three-quarter and full-time clergy service.

Comprehensive Protection Plan (CPP). This is the death and disability insurance plan for clergy that is administered by Wespath, which provides benefits only for three-quarter and full-time clergy service.

Dependent Care Reimbursement Account. See “IRS Code Section 125 Cafeteria Plan.”

Dues. If dues are reimbursed to a clergy person in exchange for a receipt or voucher, they are reported on line 20 as an Accountable Reimbursement. If dues are paid directly by the charge, they are reported on line 4. If cash is paid directly to the clergy person in anticipation of dues and the clergy is **not** required to substantiate these expenses, they are considered taxable income and are included in the total on line 1.

Education Expenses. If education expenses are reimbursed to the clergy person in exchange for a receipt or voucher, they are reported on line 23 as an Accountable Reimbursement. If education expenses are paid directly by the charge, they are reported on line 4. Educational expenses include tuition, books, supplies, correspondence courses, and certain travel expenses. If cash is paid directly to the clergy person in anticipation of education expenses and the clergy is **not** required to substantiate these expenses, they are considered to be taxable income and should be included in the total on line 1. Passed by the 2009 Annual Conference: The **minimum** continuing education allowance for every clergy under appointment to a local church or the conference staff shall be 2% of the minimum salary for ordained clergy in full connection in any given year, rounded up to the next \$100. Minimum salary used in the computation for 2021 is \$43,704.

Equitable Compensation. The annual amount of Equitable Compensation Support provided by the Conference to the church for compensation support for the clergy (line 24).

FlexPlan. See “IRS Code Section 125 Cafeteria Plan.”

Furnishings Exclusion. The exclusion (for federal and state income tax purposes) of a portion of the clergy’s compensation that a church designates in advance as a “parsonage allowance” pursuant to IRS Code Section 107. This is the amount that the clergy person estimates he/she will personally pay for expenses related to maintaining the parsonage. This can include expenses for furnishings and appliances, utilities, structural repairs and remodeling, yard maintenance and improvements, maintenance items (household cleansers, light bulbs, pest control, etc.), and insurance. Amounts designated as “Furnishings Exclusion” are included on paychecks.

Health Club Membership. Health club membership fees paid directly by the church for the clergy person are considered taxable income and are included on line 6.

HealthFlex. This is the group health benefit plan administered by Wespath in which the Wisconsin Annual Conference participates. It also includes an IRS Code Section 125 Cafeteria Plan. See also “IRS Code Section 125 Cafeteria Plan.”

Health Insurance. Health insurance premiums are divided into the charge portion and the clergy portion. The charge portion is entered on line 3. The clergy portion is either: (1) entered on line 2a. through 2c. if the charge/church pays it as additional compensation to the clergy person, or (2) included as part of the total on line 1 if it is deducted from the clergy person’s salary. See “IRS Code Section 125 Cafeteria Plan.” Health insurance premiums paid by the church, whether as additional compensation or through payroll deduction, are not taxable.

Income/FICA/SECA Taxes. There are three possible scenarios involving income/FICA/SECA (self-employment) taxes. (1) The clergy person can ask the church to withhold income/FICA taxes from his/her salary. The church then remits the withheld amount to the Internal Revenue Service and/or the Wisconsin Department of Revenue. These amounts are included in line 1i. (2) The clergy person can elect to make estimated tax payments directly to the Internal Revenue Service and the Wisconsin Department of Revenue.

These amounts are not entered on this form. (3) The church may elect to pay the clergy an amount equal to the clergy person's taxes as additional compensation. These amounts are reported on line 5.

IRS Code Section 125 Cafeteria Plan. This is a benefit plan through which clergy can elect to pay for certain medical, dependent care, and insurance premiums on a before-tax basis. Clergy persons are generally enrolled in the HealthFlex Cafeteria Plan. If enrolled in HealthFlex, clergy can elect a Medical Reimbursement Account and/or a Dependent Care Reimbursement Account. Amounts elected pursuant to an IRS Code Section 125 Cafeteria Plan are deducted from the clergy's cash compensation and are not included as taxable wages on the IRS Form W-2. These amounts are included on the total in line 1b and 1f. If the church pays a clergy's medical or dependent care expenses either directly to a health provider or to a clergy person as a "reimbursement," those amounts are included on line 6 of this form and are included as taxable wages on the IRS Form W-2.

Medical Reimbursement Account. See "IRS Code Section 125 Cafeteria Plan."

Membership Fees. If membership fees for professional organizations are reimbursed to the clergy person in exchange for a receipt or voucher, they are considered Accountable Reimbursement expenses and are reported on line 20. If membership fees for professional organizations are paid directly by the charge, they are reported on line 4. If the charge pays money directly to the clergy for membership fees and the clergy is **not** required to provide substantiation, payments are considered to be taxable income and are included in the amount on line 1.

Parsonage Allowance. See "Furnishings Exclusion."

Professional Expenses. Professional expenses may include books and periodicals, purchase and cleaning of robes and clerical garb, professional entertaining, purchase of equipment to be used professionally, etc. and can be reported either on line 4 (if church pays the actual bill or invoice) or on lines 20 (if vouchered and paid to clergy person). If cash is paid directly to the clergy *in anticipation of* professional expenses for which a receipt or voucher is **not** required, then the money paid is considered ordinary taxable income and is to be included in the total on line 1.

Travel Expenses. Generally this includes substantiated automobile expenses paid as follows: 1) Multiply the miles driven for business purposes by the standard mileage rate as set by the Internal Revenue Service, plus parking fees, or 2) Actual expenses of operating an automobile including gas, oil, tires, repairs, tune-ups, batteries, washes, insurance, interest on a car loan, taxes, parking fees, etc. These amounts are listed on line 22. This could also include expenses while traveling away from home on business such as air, rail or bus fares, meals and lodging while away from home, taxi fares, etc. If cash is paid directly to the clergy person in anticipation of travel expenses for which a receipt or voucher is **not** required, then the money paid is considered ordinary taxable income and is included in the total on line 1.

United Methodist Personal Investment Plan (UMPIP). This is the clergy person's personal investment plan administered by Wespath. The Internal Revenue Code designates this as a 403(b) plan. Each clergy decides whether or not to participate and how much to contribute. **Note: Under Internal Revenue Code 403(b), employers cannot make the pastor's personal contribution to this plan; it can only be funded by payroll deductions.** Clergy are not required to participate in UMPIP but are strongly encouraged to take advantage of this retirement tool. They will forfeit part of their church-paid contributions if they don't personally participate in UMPIP. Churches served by half-time and quarter-time clergy make a separate church funded contribution to UMPIP. **Note: Clergy are required to notify the Conference Benefits Officer if they make any changes to their UMPIP.**

United Methodist Personal Investment Plan (UMPIP) Personal Contributions. Contributions that are made to the clergy person's UMPIP account from payroll deductions. The following contributions can be made: (1) Clergy person elects to make UMPIP contributions on a before-tax basis. These amounts are deducted from the clergy's cash salary, and they are **not** included on the IRS Form W-2 as taxable wages. These amounts are included in the total on line 1c. (2) Clergy person elects to make UMPIP contributions on an after-tax basis. These amounts are deducted from the clergy person's cash salary and they **are** included on the IRS Form W-2 as taxable wages. These amounts are included in the total on line 1g. **Note: Clergy are required to notify the Conference Benefits Officer if they make any changes to their UMPIP.**

Pension Calculation Flow Chart – 2021

