

Example of Form W-2 for Clergy

Rev. Sue Service serves as pastor of a local United Methodist church. During the preceding year, Rev. Service lived in a church parsonage furnished by her church, and:

- (1) she received a cash salary of \$40,000 from her church;
- (2) her church properly designated \$5,000 of her \$40,000 cash salary as a housing (or parsonage furnishing and utilities) allowance;
- (3) she made a voluntary, pre-tax, salary reduction contribution of \$900 to the United Methodist Personal Investment Plan (UMPIP);
- (4) she made salary reduction contributions of \$3,500 through a cafeteria plan for her share of her medical insurance premiums and for a Flexible Spending Account (FSA);
- (5) she received a non-accountable travel allowance of \$3,000;
- (6) her church paid \$14,000 on her behalf for medical insurance premiums;
- (7) she received reimbursements from her church of \$2,500 for travel expenses pursuant to an accountable plan; and
- (8) her church made a \$5,000 contribution to the Clergy Retirement Security Program (CRSP) on her behalf.

The local church should complete Rev. Service's Form W-2 as follows:

Boxes a –f: Self explanatory.

Box 1: $(1) - (2) - (3) - (4) + (5) = \$40,000 - \$5,000 - \$900 - \$3,500 + \$3,000 = \$33,600.$

Note: Items (6) - (8) are not included in Box 1.

Box 2: Leave blank. (Here we assume Rev. Service did not request voluntary federal income tax withholding by the church.)

Boxes 3 – 6: Leave blank.

Box 12: Enter E for the Code and \$900 for the amount (reflecting the UMPIP contribution)

Box 13: Check the Box labeled "Retirement plan" (reflecting the UMPIP contribution)

Box 14: Enter "Parsonage Allowance \$5,000."

Boxes 15-20: Complete according to your own state's requirements.

The information provided above is intended to serve as general guidance and should not be construed as legal advice. You should consult a tax professional regarding your particular circumstances. In addition, GCFA is not recommending any particular salary or housing allowance. The example here is merely illustrative.