



West Virginia Annual Conference
The United Methodist Church

*Conference Treasurer
Conference Board of Pensions
Director of Administrative Services*

Jamion Wolford



TO: Pastors, Chairpersons of PPR Committees, and Treasurers

FROM: Rev. Joe Kenaston, Dean of the Cabinet
Jamion Wolford, Conference Treasurer

DATE: **July 16, 2020**

RE: 2021 Pastor's Compensation

Greetings! We write concerning the responsibility of the Pastor/Staff-Parish Relations Committee to make recommendations to your Charge Conference for the upcoming compensation package for your pastor.

Your careful attention to detail in completing the "Charge Conference Report of Clergy Support" is critically important. This document provides common information needed for the pastor, the local church, the District office, the Conference Treasurer's office, and Wespath. **It is imperative that this information is complete and correct or forms will be returned slowing the process for pension and other financial matters.**

We hope that you will foster an atmosphere of teamwork and shared concern by including the pastor in your deliberations, discussion of needs, desires and goals. As a matter of fact, after the Total Appointive Cost has been arrived at, the rest of the top of the sheet is pastoral responsibility. The result of this open communication will be improved clergy morale, deeper understanding and appreciation by lay leadership.

Thank you for the good work that you do in the ministry and mission of the Church. Your District Superintendent and Jamion Wolford, the Conference Treasurer, are ready to assist you with matters related to the Report of Clergy Support. Parish workshops for churches and/or parishes are available from the Conference Treasurer upon request.

I. INFORMATION FROM ACTION OF THE ANNUAL CONFERENCE:

A. During the 1998 Session of the West Virginia Annual Conference the “Standard of Clergy Support” was adopted. This placed in one listing what is required to provide for all pastors appointed to full-time ministry.

WEST VIRGINIA ANNUAL CONFERENCE STANDARD OF CLERGY SUPPORT

- A parsonage as recommended by the Conference Parsonage Standards.
 - Parsonage utilities as defined by Conference Fiscal Policy #7.
 - The means to participate in the conference sponsored hospital/medical insurance.
 - The means to participate in the Clergy Retirement Security Plan (CRSP).
 - The means to participate in the Comprehensive Protection Plan (CPP).
 - An “accountable reimbursement plan” (sometimes called an expense account) to cover the costs of a pastor’s performance of pastoral duties including educational requirements.
 - Base compensation for the work required and in consideration of ministerial competence, skill development, and years of experience.
- B. As required by the Book of Discipline, the Annual Conference establishes the minimum compensation required for full-time ministry. The following categories have been set by the 2019 session for 2020:

<i>Category I</i>	<i>Members in Full Connection; Probationary Members who are Seminary Graduates serving under full-time appointment.</i>	<i>\$37,000</i>
<i>Category II</i>	<i>Associate Members</i>	<i>\$35,000</i>
<i>Category III</i>	<i>Full-time Local Pastors; Student Probationary Members and Student Associate members.</i>	<i>\$34,000</i>
<i>Category IV</i>	<i>Ministerial Students.</i>	<i>\$30,000</i>

This is the minimum amount that must be reported in box 5 on the Report of Clergy Support.

C. The Commission on Equitable Compensation made the following recommendation which was adopted by the 2019 Session of the Annual Conference:

The commission recommends the minimum amount of an accountable reimbursement plan for pastor’s expenses to be \$2,000 for each charge.

This means that each church/charge will need to establish an accountable reimbursement plan for the pastor if the pastor chooses to take advantage of this option.

II. INSTRUCTIONS FOR COMPLETING THE UPDATED 2021 “REPORT OF CLERGY SUPPORT”

The updated form is designed to begin with line/box #1 after completing the heading section.

The line “*Local Churches on the Charge totals*” at the top of the sheet is important. On multiple church charges, the Charge Conference determines, in consultation with each church, the percentage of the Charge totals to be paid by the individual churches. Please be sure to provide this information; the Excel document of this Report of Clergy Support can assist with each church’s specific dollar figures with this information. You must provide the percentage for each church. The first church listed on the line for “Local Churches on the Charge” will be listed as the “Billable Church.”

Note: When using the Excel document some boxes, especially in the header section, use drop down options and one of those options must be selected.

Box #1 – Salary Paid by Local Church

- This amount is the gross annual salary agreed to between the minister and the church.
 - If comparing with 2020 Clergy Support document, this number would have been on line 5 and 7.
 - This amount is prior to any withholdings, deductions, allowances, or exemptions.
 - This amount does not include any supplements paid by parties other than the church.

Box #2 – Salary Supplement

- Total supplement(s) received from any source other than church or charge.
- **Any request for salary supplement(s) must be made with the District Superintendent.**

Box #3 – Amount Paid by Church Toward Health Insurance Outside of Conference Plan

- Any payments made by the church to the pastor or on the pastor’s behalf for health insurance not provided through the Conference’s health insurance plan is considered income and needs to be included on this line.

Box #4 – Other Taxable Income

- Please see worksheet attached to the Report of Clergy Support.
- This total would be any other income paid to the pastor.

Box #5 – Total Compensation

- This amount is the pastor’s gross salary and sum of boxes 1-4.
- **This total must be equal to or greater than the minimum compensation level in the appropriate clergy category as found in the “Equitable Compensation Guidelines.”**
- The total for all churches on the charge must be no less than the minimum compensation amount approved by the Annual Conference for the four categories approved at Annual Conference.

- **IMPORTANT – All calculations for the Clergy Retirement Security Program (CRSP), the Comprehensive Protection Plan (CPP) and United Methodist Personal Investment Plan (UMPIP) are in conjunction with parsonages and housing items and should be made using box #5).**
- In the case of Part-time Pastors, equitable compensation guidelines do not apply. Their compensation may be set at an agreeable level, however, remember that a charge must also pay Clergy Retirement Security Program (CRSP) on that amount. However, part time local pastors may waive participation from CRSP but to do so must complete the waiver form provided by the Conference Treasurer’s Office.
- “Assigned Supply” are lay persons and as such do not work under Equitable Compensation Guidelines and are not eligible for any benefits. Note: The Charge must withhold Social Security (FICA) and Medicare taxes and must withhold Federal and State Income Tax because they are lay employees and not considered clergy.
- **ANY CHANGE IN THIS AMOUNT MUST BE DONE WITH CHARGE CONFERENCE ACTION.**

Box #6 – Clergy Health Insurance Premium

- Health insurance premium withheld from pastor’s payroll.
 - If withheld, the amount should be 30% of the overall health insurance premium.
 - See Worksheet tab of Excel document for a listing of monthly premiums.
 - **The charge must pay the amount by an automatic charge to a church checking or savings account. In no instance should the insurance payment be payable to the pastor personally.**

Box #7 – Pastor’s UMPIP (Before Tax)

- This is an optional amount determined by the pastor, deducted from the pastor’s payroll prior to taxes being withheld, and paid directly to Wespath by the church. This can be a flat dollar amount or a percentage. If a percentage, it must be calculated the same way as CRSP and CPP (see Pension Calculation Worksheet). **Note: The pastor must choose either before tax or after-tax election and have this election form on file with the local church. The pastor must contribute at least 1% to be eligible for the 1% match from the church. You may call the Conference office at 1-800-788-3746 ext. 41 for information and forms.**
- Because the church/charge is their own Plan Sponsor Manager, billing address changes must be initiated by the church/charge. To change a UMPIP billing address with Wespath the following steps will apply:
 - On letter head submit the following information – Primary Contact (generally the Treasurer, or whoever is paying the invoice), Billing Address, Participant Information (including birthdate and Social Security #), Fax to 1-800-866-5195 or mail to Wespath 1901 Chestnut Ave., Glenview, Illinois, 60025-1604 or email to prcwebteam@wespath.org.
 - The above instruction would also apply if a past payment needs to be submitted.

Box #8 – Cafeteria 125 Plan or Medical Reimbursement Plan

- Cafeteria Plan 125 (medical reimbursement plans) are pretax salary reduction plans available to clergy for specific deductions such as medical expense and dependent

childcare. These plans require IRS filing of different forms on an annual basis. Please check with a CPA or other qualified individual to explore the possibility of this plan. Forms and instructions are included with Charge Conference packet or contact Conference Treasurer's office.

Box #9 – Housing Exclusion

- Housing exclusion is a deduction from taxable income allowed for clergy.
- No money is paid to pastor or withheld from pastor's payroll for this deduction.
- The default amount is \$4,000 annually; however, if a pastor seeks a greater exclusion amount, he or she must request this through their District Superintendent.
- **Note: Regarding housing exclusion spent – The pastor must report the unspent portion of the exclusion on his or her 1040 as additional taxable income.**

Box #10 – Taxable Wages

- Amount will calculate for you if using the Excel document.
 - If not using Excel, this is Total Compensation less boxes 6-9.
- If there is no other taxable income such as moving expense, this box should equal box 1 on the W-2.

Box #11 – Pastor's UMPIP (After-Tax)

- This is an optional amount determined by the pastor, deducted from the pastor's payroll after taxes are withheld, and paid directly to Wespath by the church. This can be a flat dollar amount or a percentage. If a percentage, it must be calculated the same way as CRSP and CPP (see Pension Calculation Worksheet). **Note: The pastor must choose either before tax or after-tax election and have this election form on file with the local church. The pastor must contribute at least 1% to be eligible for the 1% match from the church. You may call the Conference office at 1-800-788-3746 ext. 41 for information and forms.**
- This contribution could be a roth contribution or simply an after-tax election.
- Because the church/charge is their own Plan Sponsor Manager, billing address changes must be initiated by the church/charge. To change a UMPIP billing address with Wespath the following steps will apply:
 - On letter head submit the following information – Primary Contact (generally the Treasurer, or whoever is paying the invoice), Billing Address, Participant Information (including birthdate and Social Security #), Fax to 1-800-866-5195 or mail to Wespath 1901 Chestnut Ave., Glenview, Illinois, 60025-1604 or email to prwebteam@wespath.org.
 - The above instruction would also apply if a past payment needs to be submitted.

Box #12 – All Other After-Tax Deductions

- This could be money the pastor elects to have withheld from his or her check for any other agreed upon reason.

Box #13 – Net Income

- Annual amount paid to pastor after all withholdings.
 - This is the amount used to calculate the pastor will receive in their payroll check.
 - This does NOT represent taxable income.

Box #14 – Church UMPIP

- This is an optional amount paid by the church/charge into the pastor’s personal UMPIP.
- This is paid directly to Wespath and administered by the church/charge.

Box #15 – 30% of Health Insurance Premiums If Funded by Charge

- Only used if a church/charge elects to fund 100% of the pastor’s health care premium, then 30% of that amount goes in this box and 70% goes in box 22.
 - See Worksheet tab of Excel document for a listing of monthly premiums.

Box #16 – Accountable Reimbursement Plans

- By action of the 2019 Annual Conference Session, each charge is to establish an accountable reimbursement plan for pastor’s professional business expenses at a minimum of \$2,000. **This is a minimum guideline.**
- Accountable Reimbursement Plans are the professional business expenses to do ministry; the expenses are only for that which is used, if not used the money is NOT given as supplemental pay to the pastor. Expenses must be submitted to the church/ charge treasurer in a consistent manner.
- Remember that the recommendation of the Annual Conference is only a minimum; the *business needs (travel, continuing education, etc.) are determined by the pastor in consultation with the church/charge and are part of the Appointive Cost.*
- **Money provided to the pastor for attending Annual Conference should be included in the ARP. Advances can be given, but receipts must still be provided upon return from Annual Conference and any unexpended funds must be returned.**
- For any information needed regarding ARP policy as well as Medical Reimbursement forms, you may contact the Conference Treasurer’s office (304-344-8331, ext 35). As always, the information received from the Conference Treasurer is only meant to give general guidance, not legal advice.

Box #17 – Total Appointive Cost

- **This is the figure used by the Cabinet in the appointment making process.**

Box #18 - Parsonage Utilities

- All parsonage utilities should be in the name of the church/charge; the church/charge shall be responsible for 100% of these costs. Base telephone service at the parsonage is also included and can be in the name of pastor.
- **It is understood that this figure is only an estimated cost on this report.**
- These expenses are not part of the “Total Appointive Cost.”

Box #19 & 20 - Clergy Retirement Security Program (CRSP) and Box 21 - Comprehensive Protection Plan (CPP)

- Totals are calculated automatically if the Excel document is used.
- Make sure to select whether or not the church/charge has a parsonage as that is a factor in the formula.

- If not using the Excel document, use the “*Pension Contribution Requirements for 2020*” sheet to calculate CRSP (Clergy Retirement Security Program) and CPP (Comprehensive Protection Plan).
- Every charge with a full-time pastor must pay both CRSP and CPP, if the pastor meets eligibility requirements for CPP. UMPIP is optional at the choice of the pastor.
- Charges that are served by Part-time Local Pastors or less-than-full time pastors (serving at least ½ time) pay CRSP but cannot pay CPP because part-time pastors are not eligible for CPP.
- **Remember – calculations of CRSP, CPP, and UMPIP are based on Box #5 (Total Compensation) and housing options.**
- Charges receiving Annual Conference Support Supplement calculate their CRSP and CPP on Box 5. UMPIP calculations are based on box 5. The Conference does not pay any pension costs associated with any of the supplement payments.
- All **CRSP and CPP** payments must be paid directly to the Annual Conference (checks payable to “Conference Treasurer”) on a church/charge check. These bills will come from the Conference Treasurer’s office and **MUST** be sent to the Conference. **UMPIP payments must be sent to Wespath.**

Box #22 - 70% Hospital Medical Insurance

- Note: insurance rate sheets are available from the Treasurer’s Notebook page 11 or by contacting Conference Treasurer’s Office.
- Using that sheet, find the appropriate monthly premium for your pastor and multiply it by 70% (.70) to get the minimum amount to be paid by your church/charge. See box 15 instructions for 100% funding options.

COMPLETING THE REPORT OF CLERGY SUPPORT

- 1. You must check the appropriate box regarding the parsonage provided for pension calculations.**
- 2. There is no longer a box to list the amount your church/charge provides to the pastor for Annual Conference attendance expenses. This should be included in the pastor’s Accountable Reimbursement Plan.**
- 3. ACQUIRE ALL SIGNATURES FOR THE FORM - ALL FINALIZED COPIES OF THE FORM MUST HAVE ALL FIVE SIGNATURES OR THEY WILL BE RETURNED.**