

**CALIFORNIA-NEVADA ANNUAL CONFERENCE  
INSTRUCTIONS FOR 2012 PASTORAL COMPENSATION, BENEFITS,  
& REIMBURSEMENTS WORK SHEET**

**General Matters**

For pension and other connectional purposes, we ask local churches to follow a uniform pattern in reporting pastoral compensation, benefits, and accountable reimbursement agreements. Please use the accompanying 2012 Pastoral Compensation Work Sheet when reporting to the Church or Charge Conference (include revised date). Even if your church budget format does not fit this report, please follow the outline of the form to facilitate correct reporting to the Conference and the General Church.

Before beginning the report, please read Conference Rules on “Pastor’s Salary” in the 2010 Conference Journal, Pages 252-253.

**INSTRUCTIONS FOR COMPLETING PAGE 1 OF THE FORM**

\_\_\_\_\_ Fill in the name of your church, the pastor’s name, and the date. Indicate the reason for the compensation change – i.e. new fiscal year, new pastor, change in health insurance, etc. Indicate the percentage of full-time for which the pastor is being compensated indicating full-time, 3/4-time, 1/2-time, or 1/4-time.

At the head of each column, indicate the previous effective date and indicate the effective date for the new compensation, i.e. 1/1/12.

\_\_\_\_\_ **Line 1, Previous Total Cash Salary:** This figure appears on Line 1 in the right column.

\_\_\_\_\_ **Line 2, Cost of Living Increase:** To compute the cost of living increase, consult the most current annual Consumer’s Price Index for the inflation rate for your area. Multiply Line 1 by this figure and place on Line 2. (CPI for the last 12 months was 3.13%.

\_\_\_\_\_ **Line 3, Additional Increase:** Each church should study its own situation, making appropriate increases when feasible. Factors such as pastoral effectiveness, size of congregation, size of budget, length of service, family needs, and income standards in church and community may be considered as reasons for additional or merit increases.

\_\_\_\_\_ **Line 4, Total Cash Salary:** Total of Lines 1 through 3. Note: Check the Minimum Compensation Chart. The total on Line 4 must meet the Conference Minimum Compensation figures for pastors.

\_\_\_\_\_ **Line 5, Amount WITHIN Cash Salary Designated for Tax Deferred (Pension) Contribution:** Many pastors are entering into tax-deferred salary plans with local churches. If your pastor wishes to participate in such a plan, please place the amount designated on Line 5. This is not additional salary. (For more information about the General Board of Pensions Tax-Deferred Salary Plan, contact Paul Extrum-Fernandez at the Conference Board of Pensions Office @510-839-8538.

\_\_\_\_\_ **Line 6, Amount WITHIN Cash Salary Designated for Home Furnishings:** After consultation with the pastor, designate an amount for home furnishings on Line 6. This is not additional salary. This designation allows the pastor to utilize special income tax laws available to clergy.

\_\_\_\_\_ **Line 7a, simply answer “yes” or “no.”**

\_\_\_\_\_ **Line 7b, If parsonage is used, what is rental value per year?:** The SPRC, Pastor, Board of Trustees, and the District Superintendent shall agree on the fair rental value of the parsonage.

\_\_\_\_ **Line 8, Housing Allowance (if no parsonage provided):** Each local church is to provide housing for its pastor(s). In lieu of a church-owned or rented parsonage, the church may pay a housing allowance. The rule regarding housing allowance reads, “Whenever mutually agreeable by the local church and pastor, and with the concurrence of the District Superintendent, an adequate housing allowance may be provided by the local church, which shall be used by the pastor for the purchase or rental of the housing of his/her choice. If there is no parsonage alternative and the pastor does not purchase a home, then the church shall provide appropriate rental housing and appliances as in Standing Rule X.C.”

\_\_\_\_ **Line 9, Utilities:** Standing Rule Division VI.1.5.c, page 253 of the 2010 Conference Journal states: “The actual amount of parsonage utilities or an amount based on the cost of parsonage utilities for previous years, should be paid.” Included in “utilities” would be: water, gas, electricity, garbage, and basic telephone costs.

\_\_\_\_ **Line 10, Total Housing & Utilities:** Add Lines 8 and 9 (***Not 7b***).

\_\_\_\_ **Line 11, Total Compensation:** Add Lines 4 and 10.

Note at bottom of Page 1: “Taxable wages to be reported in Box 1 of the W-2 form is Line 4 minus Lines 5 and 6.”

## INSTRUCTIONS FOR COMPLETING PAGE 2 OF THE FORM

### Health Insurance and Pension & Benefits

\_\_\_\_ **Line 12, Health Insurance:** The Annual Conference offers two health insurance plans. The first is the Health Maintenance Organization (HMO) Plan with Blue Shield of California. The second is the Preferred Provider Organization (PPO) with Blue Shield of California (“Major Benefits Plan”). **Local Churches must pay premium costs directly to the Conference Board of Pensions when billed each quarter. THE CHURCH MAY NOT PAY OR REIMBURSE THE PASTOR DIRECTLY FOR HEALTH INSURANCE, OTHERWISE PREMIUMS BECOME TAXABLE INCOME!**

Pastors are eligible to change enrollment options on January 1. In the event a pastor is appointed within an HMO coverage area and chooses not to enroll in the HMO, the church is responsible for paying only the amount of the HMO premium.

The exact amount of the premiums will be set and you will be notified by the Conference Board of Pensions by approx. November 1. Please estimate a 16.5% increase for the coming calendar year.
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If the church pays an insurance company other than the one offered by the Conference, please indicate the name of the carrier in Line 12.

\_\_\_\_ **Line 13, Pension and Benefits:** Use the attached Pension and Benefit worksheet to estimate your pastor’s pension and benefit cost for 2012.

\_\_\_\_ **Line 14: Total** of Lines 11, 12 and 13.

### **Accountable Reimbursements**

All professional expenses must be paid as reimbursements. The Church MUST adopt an Accountable Reimbursement Policy **whenever there is a pastoral change** and follow it. **A yearly approval is not required.** The “Accountable Reimbursement Policy,” as recommended by the Cabinet, follows (Page 3).

\_\_\_\_ **Line 15, Total Accountable Reimbursements**

\_\_\_\_ **Line 16, Grand Total:** Total of Lines 14 and 15.

\_\_\_\_ **Signatures required include the SPRC Chair, Church Council, and Pastor.**

## ACCOUNTABLE REIMBURSEMENT POLICY

The United Methodist Church recognizes that certain expenses paid by the pastor and other staff are part of the ordinary and necessary costs of ministry in this church. Accordingly, we have established an accountable reimbursement policy to defray them directly, pursuant to I.R.S. regulations and upon the following terms and conditions:

- The pastor or other staff person shall be reimbursed from his or her budgeted professional expense for ordinary, necessary, and reasonable business expenses incurred on behalf of the church.
- The church treasurer must be given a full accounting of each expense including, but not limited to, a monthly statement of expenses showing the amount, date, place, and business purpose for all professional expenses, plus the business relationship involved for professional entertainment expenses. All such documentation will include receipts for all items of \$25 or more. Other documentation such as credit card receipts or canceled checks shall be provided for any expenses for which a receipt is not available. The pastor or staff person will be responsible for accurately reporting employment-related mileage and keeping records to substantiate this mileage claim. Mileage will be paid at the rate established by the I.R.S.
- It is the intention of this policy that reimbursements will be paid after the expense has been incurred by the pastor or staff person. However, should circumstances require payment of an advance for any particular expense, the pastor or staff person must account for the expense and return any excess reimbursement within 30 days of the issuance of the advance. Any excess advance must be returned to the church before any additional advances are provided to that person
- Budgeted professional expenses not spent must NOT be paid as a salary bonus or other compensation.
- It is understood by all parties that all elements of this resolution must be carefully followed to prevent the church from being required by regulation to list payments for these expenses as taxable income on the person's W-2 form. The responsibility of expense reporting is that of the pastor or staff person.
- Church/Charge Conference action is required for an increase to Accountable Reimbursements, Line 14 on the pastoral compensation work sheet. Circumstances dictate that the above expenses will vary from church to church and from time to time. Nonetheless, expenses assumed by the minister or staff person in excess of Total are not excludable from reported compensation. Expenses in excess of compensation may or may not be deductible from taxable income on the minister's or staff person's tax return.



**CHURCH-PAID EMPLOYEE BENEFITS:**

12. **HEALTH INSURANCE PREMIUMS** (Paid to the Conference or Other Ins. Carrier) \$ \_\_\_\_\_

Conference Health Plan: Check one: HMO \_\_\_\_\_ or 'Major Benefits' Plan \_\_\_\_\_

OR Other Carrier Plan Name: \_\_\_\_\_

Non-Conference plan **MUST** be paid directly by local church to insurer, NOT by reimbursement to Pastor

13. **PENSION & BENEFIT EXPENSE** \$ \_\_\_\_\_

(see attached worksheet for calculating an estimate of your pastor's pension and benefit cost. This replaces line 2 of the apportionment item that will not be reflected in your 2012 apportionment statement)

14. **TOTAL OF COMP. PLUS HEALTH INS & PENSION** (Lines 11+12+13 = Line 14) = \_\_\_\_\_

**ACCOUNTABLE REIMBURSEMENTS FOR PROFESSIONAL EXPENSES**

(Not included as part of compensation, and **NOT** a reduction from Salary)

Reimbursable expenses are negotiated between the Pastor and the S/PPRC. Typical Accountable Reimbursements include Automobile Travel Expense (Calculated as miles x IRS Rate /Mile (55 cents as of 7.1.11), Annual Conference Room & Meals, Continuing Education, professional memberships, subscriptions, meal meetings, etc. These expenses are NOT to be budgeted as line items and are payable only with proper documentation.

15. **TOTAL OF ACCOUNTABLE REIMBURSEMENTS FOR PROFESSIONAL EXPENSES** = \_\_\_\_\_

16. **GRAND TOTAL OF ALL CLERGY COMPENSATION AMOUNTS, PLUS HEALTH INSURANCE AND EXPENSE REIMBURSEMENT COSTS:** (Lines 14 + 15) = \$ \_\_\_\_\_

We verify that the Church/Charge Conference has duly adopted the Compensation, Benefit and Accountable Reimbursement figures as noted above (See instructions, page 4, for the wording of the required motions):

Date Adopted by Charge Conference: \_\_\_\_\_

(Signature); Chair, Staff-parish Relations Committee \_\_\_\_\_

(Signature); Chair, Administrative Board/Council \_\_\_\_\_

(Signature); Pastor \_\_\_\_\_ Date: \_\_\_\_\_

Approved by: \_\_\_\_\_ Date: \_\_\_\_\_  
District Superintendent

**MINIMUM SALARY SCHEDULE 2010 - 2012**

		<b>2010 Comp. <u>Figures:</u></b>	<b>2011 Comp. <u>Figures:</u></b>	<b>2012 Comp. <u>Figures:</u></b>
<b>1. Denominational Average Compensation</b> (Includes Salary and Housing Amounts) (' <b>DAC</b> ):		\$60,341	\$61,716	\$62,781
	60% of DAC:	<b>\$36,205</b>	<b>\$37,030</b>	<b>\$37,669</b>
<b>2. Cal-Nevada Conference Average Compensation</b> (Includes Salary and Housing Amounts) (' <b>CAC</b> ):		\$61,028	\$62,195	\$63,087
<b>3. Cal-Nevada Conf. Average Cash Salary ('CAS')</b> (Includes Cash & Util., but no Housing Allow.)				
	<b>(NO Utilities):</b>	<b>\$42,493</b>	<b>\$43,536</b>	<b>\$44,045</b>
	<b>(With Utilities):</b>	\$45,701	\$46,823	\$47,336

	<b><u>Minister</u></b>				
	<b><u>Year</u></b>	<b><u>% CAS</u></b>			
<b>4. <u>Schedule of Cal-Nev 'Minimum Salary' Amts:</u></b>	1-5	80%	\$33,995	\$34,829	\$35,236
	6	81%	\$34,420	\$35,264	\$35,676
(Based on the number of 'Minister years' served,	7	82%	\$34,845	\$35,700	\$36,117
and the corresponding % of the Conference	8	83%	\$35,270	\$36,135	\$36,557
Average Cash Salary, above. (the <b>CAS</b> - shown	9	84%	\$35,694	\$36,570	\$36,998
on line 3). When the pastor's salary is set at the	10	85%	\$36,119	\$37,006	\$37,438
"Minimum Salary" amount, it <b>includes</b> all cash	11	86%	\$36,544	\$37,441	\$37,879
salary, social security payments, and any TDA	12	87%	\$36,969	\$37,876	\$38,319
& discretionary 'furnishings allowance' amounts,	13	88%	\$37,394	\$38,312	\$38,760
shown on lines 5 and 6 of the clergy comp form.)	14	89%	\$37,819	\$38,747	\$39,200
	15+	90%	\$38,244	\$39,182	\$39,641
<b>5. Annual Increase in DAC</b>			3.63%	2.28%	1.73%
<b>6. Annual Increase in CAC (w/ housing &amp; utilities)</b>			3.23%	1.91%	1.43%
<b>7. Annual Increase in CAC (no housing or utilities)</b>			2.93%	2.45%	1.17%
<b>8. Annual Increase in Minimum Salary</b>			2.93%	2.45%	1.17%

Beginning in 2006, the 'Minimum Salary' formula is based on the Conference Average Cash Salary (CAS), which includes cash and TDA amounts, but no longer includes utilities.

**California-Nevada Annual Conference  
2012 Clergy Pension & Benefit Bill Worksheet**

Complete this form to **estimate** your 2012 pension & benefit direct bill. Official billing will be sent by the Board of Pensions beginning in December 2011. Contact Paul Extrum-Fernandez, Conference Benefits Officer, for more information at [paul@bopumc.net](mailto:paul@bopumc.net) or at 510-839-8538

1. Enter Plan Compensation \_\_\_\_\_  
(Enter Line 11 from the 2012 Pastor's Compensation Report (PCR). **If a parsonage or church-housing is provided** you must add 25% of (Line 4 + Line 9) of the PCR to Line 11 of PCR total.)
2. Calculate Defined Benefit (DB) Component of Clergy Retirement Security Plan (CRSP)  
In Line 3 Enter: \$8,320 if Full-Time; \$6,240 if ¾ Time; \$4,160 if ½ Time; \$2,080 if ¼ Time.
3. **Annual 2012 CRSP DB Component** \_\_\_\_\_
4. Calculate Defined Contribution (DC) Component of Clergy Retirement Security Plan (CRSP)
  - a. Enter Plan Compensation from Line 1 \_\_\_\_\_
  - b. Multiply by .03, enter total in Line 5 X .03
5. **Annual 2012 CRSP DC Component** \_\_\_\_\_
6. Calculate Comprehensive Protection Plan (CPP) component of Pension Plan
  - a. Enter Plan Compensation from Line 1 \_\_\_\_\_  
If Full Time Clergy or Local Pastor, multiply Line 6.a. by .03 X .03  
Enter total in Line 7
  - b. (If Part-Time Clergy Member, Enter \$2,099 in Line 7, regardless of time fraction)\*  
*\*Part-Time local pastors are not eligible to receive CPP coverage. Enter \$0 for the CPP component.*
7. **Annual 2012 CPP Component** \_\_\_\_\_
8. **TOTAL ESTIMATE of 2012 Pension Costs (add lines 3, 5 & 7)** \_\_\_\_\_  
(ENTER in LINE 13 of the PASTORAL COMEPNSATION FORM))