

2023 COMPENSATION WORKSHEET

THE PRESBYTERY OF NEW COVENANT

This form is to help you fill out your Compensation Report Form
Please do not return with the report from this is for your files.

The 2023 Compensation Worksheet is intended to assist clerks, treasurers and pastors as they define and report income to Presbytery, the Board of Pensions and, of course, the IRS. It is intended to serve as a comprehensive tax-planning tool, but not replace consultation with a Certified Public Accountant or other tax professional. While reasonable efforts have been made to ensure the accuracy of the information contained in this form, it is not necessarily complete and cannot be guaranteed.

PART ONE: Effective Salary:

(Includes salary, housing, certain reimbursements and Self-Employment Contribution Act tax obligations, and other forms of reimbursement/compensation all of which are subject to Board of Pensions Dues.) **Before completing this document be sure to review the Presbytery Minimum Terms of Call for 2023.**

a. **Annual Cash Salary** \$ _____

Salary – Annual Cash Salary refers to compensation paid to a minister on a regular basis (Monthly, Semi-monthly or Weekly). Employed minister’s salary is reported on Form W-2, Box 1.

b. **Housing, Utility and Furnishing Allowance** \$ _____

Housing Allowance – The amount designated as Housing Allowance is to be reported. The estimated amount for a minister’s cost for utilities is usually included under Housing Allowance. However, if a separate payment for utilities is made to the minister it should be reported here. The Utility Allowance may be in addition to the value of the manse (if the utility service is registered in the name of the employing organization and the utilities are paid directly by said organization, the value of these services is not included in Effective Salary).

Housing Allowance may not be approved to a date retroactive to the date of approval (IRC Section 107).

***Ministers who own their home** – Ministers who own (or are purchasing) housing may exclude from Taxable gross income the lesser of the following amounts:

- The amount actually used to provide a house.
- The amount officially designated as a housing allowance.

Ministers who own their home may designate a housing amount to cover the total cost of owning, cost of their furnishings, cost of decorating, utilities, yard maintenance, etc. Any housing allowance that exceeds actual costs must be included as taxable gross income.

***Ministers who rent or lease their home** – Ministers who rent or lease housing may designate an amount to cover the actual rent paid, cost of decorating, utilities, yard maintenance, etc. Any housing (rental) allowance that exceeds actual costs must be included as taxable gross income.

c. **Manse (if provided)** \$ _____

If the congregation provides a manse, there is no direct payment to the minister related to housing. Nevertheless, the congregation is required to pay pension dues on the fair rental value of the manse. For Board of Pensions calculations this figure should be at least 30% of the total of lines 1.a. thru 1.f. (**not including 1.c.**). The value of the manse is not subject to income tax; however, the value of the manse is still subject to Self-Employment Tax.

Subtotal of lines 1a through 1.f. (not including line 1.c.) \$ _____ x .30 =

\$ _____

d. **Reimbursement of Self-Employment Contributions Act (SECA)**

Tax obligation IN EXCESS OF 7.65% \$ _____

Since the minister is considered as Self-Employed by the Social Security Administration, churches often provide income to offset the required “Self-Employment Tax” (15.3% of compensation excluding housing allowance.)

Compensation provided UP TO one-half of the member's Self-Employment Compensation Act Tax liability (7.65%) is to be entered on line 3.g.

*Any income provided that is MORE than one-half of the member's Self Employment Compensation Act Tax liability is subject to BOP dues and is to be entered on line 1.d.

e. Other direct compensation/reimbursement \$ _____

Bonuses, special allowances, employer gifts, professional expenses, additional allowances paid or reimbursed by the congregation to the minister (other than dues for participation in the basic benefits provided by the Board of Pensions) are included in Effective Salary. Lump sum allowances which are not part of an accountable reimbursement pay (as defined by the IRS), gifts from the church or employing organization (not gifts from private donors), down payment grants, and savings from interest-free loans (not loan principal) are compensation to be included in Effective Salary.

\$ _____

Also included is any deferred income offered by some congregations to their minister. Deferred income includes tax-sheltered annuities; IRS Sec. 403(b) Plans, Housing Equity Allowance, and other forms of funded or unfunded arrangements, with the exception of Employer Matching Contributions to the Presbyterian Church (USA) Retirement Savings Plan which are reported on line 3.f.)

f. Other Allowance/Insurance Payments \$ _____

Premiums for individual insurance policies (auto, disability, life, supplement medical, Flexible spending accounts and Flexible Dependent Care etc.) that the employing organization pays for or reimburses to the member at his/her requests are compensation to be included in Effective Salary. Dues for optional benefit coverage under the BoP Plan paid for by the employing organization are to be included in Effective Salary too.

TOTAL EFFECTIVE SALARY: \$ _____

(Effective Salary as defined by Board of Pensions) Effective Salary is the sum of line 1a through 1f. **The Effective Salary is the amount subject to Board of Pensions Dues. (Maximum basis for dues participation is \$124,000)**

PART TWO: REIMBURSED EXPENSES

An *Accountable Reimbursement Plan* for ministry related expenses has several advantages for the minister and congregation. It is a way to more accurately estimate the minister's true income for the purpose of calculating tax and pension dues. The underlying principle of such a plan is that the minister is not liable for Board of Pensions dues on these expenses. For the Board of Pensions dues calculation, continuing education, professional and auto expenses are not included in Effective Salary for dues compensation if they are reimbursed to the minister through an *Accountable Reimbursement Plan*.

According to the IRS, to qualify as an *Accountable Reimbursement Plan*, ministers must "adequately account" to their employers for their ministry related expenses. They must provide their employers documentary evidence of all their expenses – maintaining the same type records and supporting information they would have to furnish the IRS to substantiate a deduction. To qualify, an *Accountable Reimbursement Plan* must meet the following requirements:

- *All expenses reimbursed under the plan must be ministry related.
- *There must be adequate accounting.
- *There must be provision for a return of any excess reimbursement. If the excess is not returned this amount must be reported as other applicable income (line 1.e.), and it must be reported as income for tax purposes.

Amounts reimbursed under an *Accountable Reimbursement Plan* are not required to be reported on W-2.

a. Travel Reimbursement (at IRS Rate: 2023 ID \$0.655) \$ _____
 Automobile Mileage – to be reimbursement at the IRS Standard Rate, plus tolls and parking; please refer to the current IRS rate for business mileage at <http://www.irs.gov/> .

b. Books, Professional Expenses, etc. \$ _____
 Books and other Professional Expenses includes such items as books, subscriptions to magazines, office supplies, computers, computer software, meals related to the practice of ministry, vestments, etc., and should be reimbursed as spent to the minister.

PART THREE: BENEFITS Maximum Compensation Subject to BOP Dues is \$124,000.

a. (1) Medical and Pension Insurance (Board of Pensions Dues) \$ _____
 If the pastor is part-time or is paid less than minimum basis is full-time and paid more than the maximum basis for dues established by the Board of Pensions, other factors are involved in calculating the dues. The best way to determine Board of Pensions dues in this case is to visit Board of Pensions webpage and use their calculator. <http://www.pensions.org/calc/dues>

“Dues are paid to the Board of Pensions Benefit Plan of the PCUSA. Dues for 2023 are computed on the basis of 39% of the Effective Salary. The total dues consist of 8.5% for Pensions; 1% for death and disability benefits and 0.5%, for short term disability; and 29% for Major Medical benefits.”

a. (2) Minister’s Choice Benefits Dues are 10% of Effective Salary
 As an alternative to the full dues, any minister who is not an installed pastor and is employed at least 20 hours per week is eligible for Minister’s Choice. <http://pensions.org/what-we-offer/benefits-packages/Ministers-Choice>

PRESBYTERY DOES NOT REPORT CHANGES TO THE BOARD OF PENSIONS
 Church Treasurers are to report salary changes to the Board of Pensions by using Benefits Connect found on the Board of Pensions website HYPERLINK "http://www.pensions.org" <http://www.pensions.org>

b. Study Leave/Professional Development Allowance (cumulative for 3 years) \$ _____
 This includes such items as tuition, room, board, and travel to study events. If this amount is not spent during the calendar or fiscal year it is cumulative for up to three years.

The Presbytery minimum for 2023 is \$1,450 for those ministers who do not attend the Presbytery of New Covenant Clergy Retreat. For those Clergy who do attend the Presbytery of New Covenant Clergy Retreat when it is offered; expense allowance is \$1,700 annually, which includes the approximate cost of the Clergy Retreat of \$250.

Newly Ordained Clergy are expected to participate in the Presbytery of New Covenant Clergy Retreat for the first three years of ministry, **when it is offered**.

Newly Ordained Clergy are expected to participate in Entry into Ministry events sponsored/ supported by the Presbytery of New Covenant. Full provision will be made for the actual cost for one year (approximately \$750) and the time needed to participate in these events.

c. Paid Study/Leave/Professional Development _____ weeks
 (cumulative for 3 years) Presbytery has set a minimum Study Leave/Professional Development to be 2 weeks that is cumulative for three years. Each week includes one Sunday. Continuing Education Leave is cumulative for up to six weeks.

NOTE: An additional leave of three days will be granted only for participation in the Presbytery of New Covenant Clergy Retreat (this leave is not cumulative).

d. Paid Vacation _____ weeks

Presbytery has set a minimum vacation for its church professionals as 4 weeks, which includes 4 Sundays.

NOTE: Study Leave and Paid Vacation remain the same for all installed calls—whether part-time or full time, and should be honored for all long-term, continuing Stated Supply contracts. Study leave and/or Vacation may be pro-rated for interim contracts under a year in length.

e. Other Paid Group Insurance \$ _____

(Premiums for group coverage provided by an employing organization to all employees are not included in Effective Salary.)

f. Matching employer contributions to (PC(USA) Retirement Savings Plan \$ _____

g. Reimbursement of Self-Employment Contribution Act \$ _____
(SECA) tax obligations UP TO 7.65% (in order to encourage churches to help members pay these tax obligations, the Board of Pensions allows churches to exclude certain payments from Effective Salary.)

TOTAL BENEFITS: \$ _____

4. ANNUAL REVIEW will be held: **DATE** _____

The session will establish a review committee to meet the Minister every twelve months to discuss:

- *The congregation’s expectations of the minister and how well he/she meets those expectations;
 - *The minister’s expectations of the congregation and how well it (and its members) meet those expectations; and
 - *Adequacy of compensation.
- *The review committee is encouraged to utilize the resources provided by the Committee on Ministry “Guidelines for Church Professional Evaluations.” http://pbvofnewcovenant.org/forms2008_01_Guidelines_for_Evaluations.pdf

5. EFFECTIVE DATE of Change of Terms of Call **DATE** _____

COM REVISED 8/5/14: 9/6/16: 11/1/19: 10/6/20; 12/7/2022; 7/15/2023