



### **Line 15 - Pretax Salary Reduction for Exclusion as Additional Housing Allowance As Adopted by the Church**

Pastors living in parsonages or with housing allowances often have some housing expenses not provided for by the church that will qualify under Internal Revenue Code 107 as excluded from income tax. These can include such expenses as lawn care, furniture, and light bulbs. To qualify, the pastor must request the additional IRS 107 exclusion amount and the church must designate the expense in advance. Including an amount in this line qualifies as such a designation. This is not an additional expense to the church, but the reclassification of a portion of the base salary entered on Line 10.

### **Line 16 - Plan Compensation for Pension Purposes - Calculated Value**

Pension Plan Compensation is not a direct expense to the church but is used to calculate the cost of pension benefits and the expense of the church/conference in providing those benefits. It is the amount in line 12 increased by the housing allowance (line 14) or 25% of line 12 to represent the value of the provided parsonage.

## **PART III - HEALTH BENEFITS**

For the calendar year 2023, pastors will have the opportunity to select from several different plans for health coverage. These selections will be made during the Annual Election Period in the fall of 2023. The Annual Election Period is a 3-week window; the specific dates will be announced in late September or early October.

The church's clergy HealthFlex Premium Credit Responsibility for Full-Time Appointment is **\$11,400**. The church may not "waive" the HealthFlex Premium Credit responsibility regardless of the pastor's participation in the HealthFlex Plan.

If the "Pastor Only" plan combination is more than **\$11,400** the pastor will need to fund any excess premium through a pretax deduction from salary (Line 10). The church may elect to fund an optional "Church Contribution" for all or a portion of Family Dependent Health Coverage (Line 20). Any excess premium for dependent coverage not funded by the church will be funded through a pretax premium deduction from salary (Line 10).

### **Line 17 - Clergy is Eligible for HealthFlex Participation - Calculated**

Clergy are eligible for participation if they are appointed to 100% full-time service. The categories "SY," "LY," and "TBS" are not clergy and are not eligible. Those in the retired relationship are also not eligible. If the calculated value is "No," then the pastor is not eligible and all that is necessary is to verify previous entries in the spreadsheet did not leave amounts in lines 20-24. The church's clergy HealthFlex Premium Credit Responsibility for eligible Full-Time Clergy is **\$11,400**

Effective December 31, 2018, the HealthFlex Waiver provision was eliminated. Any church where a clergy has chosen to not participate in HealthFlex will need to fund the HealthFlex Premium Credit through direct billing. \$11,400 will need to be incorporated into the 2023 church budget and reported on the 2023 Compensation Form.

### **Line 18 - Pastor's HealthFlex Benefit Coverage - Pastor Chooses from Drop-Down List**

Options are:

- (1) Pastor Only
- (2) Pastor Plus Spouse
- (3) Pastor Plus Family

### **Line 19 - Amount to be Billed to Church - Calculated value**

For "Clergy Only" selection, the church's clergy HealthFlex Premium Credit Responsibility for Full-Time Appointment is **\$11,400**. If the church is a legacy church of the Río Grande Conference, the Church's Minimum Cost (Line 20) will be paid by RGC Benefit Legacy Funds

### **Line 20 - Optional Church Contribution for Dependent Coverage – Enter Amount**

The church may elect to fund an optional "Church Contribution" for all or a portion of Dependent (spouse and/or children) Health Coverage by entering an amount on Line 20. The 2023 HealthFlex Rates can be found on the 2023 HealthFlex Rates Worksheet – Tab 2. Any excess premium for dependent coverage not funded by the church will be funded through a pretax premium deduction from salary (Line 10).

### **Line 21 - Church Total HealthFlex Cost - Calculated Value**

Church Total is equal to Lines 19 plus line 20, which includes the \$11,400 for the pastor and any additional optional amount entered on Line 20 for Dependent family coverage. If the "Pastor Only" plan combination is more than \$11,400 after making plan choices during the HealthFlex Annual Election period, the pastor will need to fund any excess premium through a pretax deduction from salary (Line 10).

## PART IV - ACCOUNTABLE REIMBURSEMENT PLAN

### Line 24 Accountable Reimbursement Plan - Entered by Church

It is recommended that this amount be equal to at least 13% of the total of the Pastor's Base Salary plus any Conference or District support.

## PART V - RECAP OF CHURCH COST

These lines recap the church's compensation costs related to this pastor. They include Pension and Benefit Costs that are directly billed to the local church. They do not include the cost of parsonage utilities or utilities for pastors with housing allowances, which are not considered as compensation by the Rio Texas Conference and which should be paid by the church or reimbursed to the pastor. If the church is a Legacy church of the Rio Grande Conference, then the amount that is paid by Rio Grande Legacy Funds restricted for Benefits is shown and the amount is subtracted from the church's total expense.

- Comprehensive Protection Plan (CPP) 3% of Line 16
- Clergy Retirement Security Program (CRSP) defined benefit \$6,132 (Flat Rate)
- Clergy Retirement Security Program (CRSP) defined contribution 3% of Line 16
- For Part-Time Clergy ONLY – UMPIP Church Contribution 9% of Line 16

## PART VI - SIGNATURES

Please ensure all required signatures are received and recorded with the appropriate date.

## PAYROLL CONSIDERATIONS

The pastor may elect to have salary withheld to participate in other benefit plans offered through the Rio Texas Conference. These include a pretax "cafeteria plan" (DCR-Dependent Care Reimbursement and MRA-Medical Reimbursement Account and HSA-Health Savings Accounts), a retirement saving 403b plan, The UMPIP-United Methodist Personal Investment Plan, and an optional life insurance plan. The monthly invoice for benefits includes these amounts. The plan enrollment is in late October for the coming year. The pastor must copy the Church Treasurer on any enrollment form, and the local church should verify each monthly invoice to determine that the billing and payroll deductions are correct.

## MINIMUM SALARY

Each Church/Charge is responsible for their own pastor's compensation.

### 2023 Minimum Pastoral Support Policies:

- Full or Probationary member **\$44,200** per annum.
  - Associate member **\$41,100** per annum.
  - Approved Local Pastor or member of another denomination **\$37,700** per annum.
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- The Base Salary is increased by a bonus for the number of years served under appointment - \$75 for each year completed after 2nd year with a limit of \$1,425,
  - Then it is increased by a bonus for multiple point charges - \$200 for 2nd church in charge and \$100 for each additional church in the charge,
  - The Minimum salary is adjusted by the percentage of full time if the pastor is appointed to less than full-time service.