

**CALIFORNIA-NEVADA ANNUAL CONFERENCE
INSTRUCTIONS FOR 2010 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 2010 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 2008 Conference Journal, Pages 265-266.

If your church is receiving "Minimum Compensation Assistance" in the form of equitable or missional funds, also read the rules regarding minimum salary on pages 271-273 of the 2008 Conference Journal. You will also need to complete the "Equitable Compensation Application Form", which may be obtained through your District Office. If yours is a "Minimum Salary or Equitable/Missional Compensation" church, see Minimum Compensation Chart for the amount to enter on Line 4 of the form. You will not need to complete Step 3 below.

The minimum salary program and pension costs for pastors are related to the "Conference Average Compensation." A commitment to increase your pastor's salary should carry with it a commitment to assume responsibility for your church 's share of the increase in equitable/missional compensation and pensions through conference apportionments.

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. 1/1/10.

_____ **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 _____).

_____ **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 Grady Knowles 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. This amount should also be indicated on the enclosed "Certification of Housing Allowance Payments" form.

____ **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." This amount should also be indicated on the enclosed "Certification of Housing Allowance Payments" form.

____ **Line 9, Utilities:** Standing Rule Division VI.1.5.c, page 265 of the 2008 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. This amount should also be indicated on the enclosed "Certification of Housing Allowance Payments" form.

____ **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

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. **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 about November 1. Please estimate a 15% 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 15: Total** of Lines 11 and 12.

Accountable Reimbursements

All professional expenses must be paid as reimbursements. The Church MUST adopt an Accountable Reimbursement Policy and follow it. The "Accountable Reimbursement Policy," as recommended by the Cabinet, is included with this mailing, along with the form, "Professional Expense Report." This report should be used by the pastor to submit his/her professional expenses to the treasurer.

_____ **Line 14, Automobile Travel Expense:** The pastor should be reimbursed at the IRS allowable rate for actual miles driven on church business according to records kept by the pastor (a simple daily log) and submitted on an expense form. Travel for continuing education should be included in this line, too, as well as sufficient funds to reimburse business expenses for parking and bridge tolls.

_____ **Line 15, Annual Conference Room & Meals:** Anticipated actual costs for attending Annual Conference should be included here.

_____ **Line 16, Continuing Education:** The amount budgeted for continuing education should be reimbursed upon the submission of an expense form. Pastors are "to be asked by the District Superintendent in the Charge Conference to outline their programs of continuing education for the year." The local church is "to be asked to describe its provisions for time and financial support for the pastor 's program of continuing education." (*2008 Book of Discipline*, Section XIII, Para. 351, pages 267-268) Local churches should provide for study leaves of at least one week each year and at least one month during one year of each quadrennium. Study leaves are not considered a part of the pastor 's vacation.

_____ **Line 17, Other:** There may be other legitimate professional expenses such as public or commercial transportation, books, professional periodicals, vestments, etc. Each line item title for reimbursement expenses must be listed separately, but only an aggregate dollar total needs to be stated. Appropriate expense forms and receipts need to be submitted.

_____ **Line 18, Total Accountable Reimbursements:** Total of Lines 14 through 17.

_____ **Line 19, Grand Total:** Total of Lines 13 and 18.

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