

Kentucky Annual Conference 2017 Clergy Compensation Form Instructions

- Complete a compensation form for each pastor under episcopal appointment to the local church. **In the case of a multiple-point charge, each church must complete a compensation form.**
- Compensation is to be reported on a calendar year basis, and the compensation form must reflect a full twelve months of compensation.
- Minimum Base Compensation for 2017:

Clergy Status	Minimum Base Salary
Full Conference Member	\$35,022
Provisional Member	\$33,000
Associate Member	\$33,000
Full Time Local Pastor	\$30,993
There are no provisions for minimum compensation for deacons or anyone serving part-time	

A – Clergy/Church Information

1. Name

2. Conference relationship status: Indicate the relationship status. Ex: FE, PE, FL, PL, SY, RE, etc.

3. Appointment percentage: For clergy serving less than full time, appointment percentage is to be determined using the minimum base salary according to clergy status. The table below is an example that can be used to determine appointment percentage for a part-time local pastor. Contact your District Superintendent if you have questions.

¼ time = up to \$10,330	½ time = \$10,331 - \$20,661	¾ time = \$20,662 – below minimum salary
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4-7. Church information: Indicate district, charge name, church name and church GCFA#.

B – Compensation

1. Cash salary: Base salary

2. Equitable compensation: Amount that may be provided by the Conference to meet minimum compensation requirements

3. Self-Employment Tax: Any amount paid by the church toward the pastor's self-employment tax

4. Other income: Includes but is not limited to travel allowances, gym, or golf club memberships, payments to an IRA or other personal investment plan, school or tuition fees for pastor or any dependents. **Do not include amounts for United Methodist pension and insurance plans (CRSP/PPP) or amounts for expenses that are reimbursed through an accountable reimbursement policy.**

C-1 – Housing: Parsonage

1-2. Parsonage: Indicate if the pastor is provided a parsonage and if the pastor resides in the parsonage.

3. Parsonage equivalent: Enter amount from line B-5 and multiply it by 0.25 (25%).

C-2 – Housing: Housing Allowance

3. Housing allowance: Cash amount paid to the pastor if a parsonage is not provided. A pastor cannot have both a parsonage and a cash housing allowance (2016 Conference Journal). If the pastor lives in a parsonage, this line should be left blank. The recommended minimum housing allowance for full-time appointments is \$16,000 (\$12,000 housing + \$4,000 utilities).

D – Health Insurance Allowance

The church/salary-paying unit is required to pay the employee-only premium for members (full-time) enrolled in the Conference health plan. **Do not report the required employee-only premium in this section.** Only report amounts in this section the church/SPU pays in addition to or in lieu of the required employee-only premium. The health insurance allowance can include, but is not limited to: family premiums, dental/vision insurance premiums, additional compensation for employee to purchase insurance through exchange or public/private market or additional compensation for coverage under a spouse's employer group health plan.

Effective January 1, 2017, health insurance allowances are **not** included in the plan compensation for calculating pensionable income. Health insurance allowances are still included in the employee's taxable income and reported on the employee's IRS Form W-2.

E – Calculate Total Plan Compensation

The plan compensation is also referred to as the total pensionable income. This is the amount that is used to calculate pension plan contributions for eligible clergy.

F – Housing Exclusion 1. IRC Section 107 Housing Exclusion: A portion of income the pastor may be able to exclude from gross income for *federal income tax* purposes. If the minister is provided a parsonage, the housing exclusion may be less than or equal to the total cash salary (B-6). If the minister is paid a housing allowance, the exclusion may be less than or equal to the total pensionable compensation (D-3). For more information, please refer to the Clergy Housing Q & A that may be found at www.kyumc.org/finance.