

## PRESBYTERY OF GENEVA

### INSTRUCTIONS FOR THE MINISTERIAL COMPENSATION REPORT (2017)

These instructions are provided to help you complete the attached "Ministerial Compensation Report to the Presbytery of Geneva for 2017. This form must be signed by the Clerk of Session and the Minister. It should be completed and returned as soon after the meeting of the congregation as possible, but no later than **January 31, 2017**.

**Line 1: Annual Cash Salary** is the gross cash compensation paid directly to the minister on an annual basis.

**Line 2: Housing allowance** is the amount designated annually by the session or employment organization in advance of payment.

**Line 3: Utility and furnishing allowances** paid to ministers should be included on this line. If the manse utilities are in the name of the Church and paid directly by the Church they are NOT included in a minister's Effective Salary.

**Line 4: Deferred compensation** includes tax sheltered annuities, 403(b) plans, Keogh and Retirement Savings plans, housing equity allowances, and other forms of funded and unfunded deferred compensation arrangements.

**Line 5: Bonuses, unvouchered allowances, gifts, etc.** are the year-end and other bonuses, unvouchered allowances (such as expenses that are not paid through an Accountable Reimbursement Plan), down payment grants for the purchase of a home, savings from interest-free or interest-reduced loans (not loan principal) and gifts paid by the employing organization. (Gifts from private donors or honoraria are NOT included).

**Line 6: Other allowances** includes all other forms of compensation not otherwise covered on lines 1-5, including medical deductible and expense reimbursement allowances not paid through a group benefit plan, insurance premiums for additional insurance coverage provided for individual employees (premiums for group plan coverage are not included), salary reduction contributions to flexible health spending accounts and cafeteria plans, etc. **If an additional allowance is provided to reimburse for Self-Employment Contribution Act (SECA) tax obligations, any amount in excess of 50% of the minister's SECA tax obligation should be included on this line (see line 11 below).**

**Line 7: Manse amount.** For purposes of determining Effective Salary, the Benefits Plan provides that the manse rental value must be at least 30% of all other compensation (i.e., lines 1-6 above). If a utility or other housing-related allowance is paid to the minister, the allowance should be reported on lines 2 or 3.

(OVER)

COMPENSATION NOT INCLUDED IN EFFECTIVE SALARY

- Line 10: Accountable Reimbursement Plan**
- a. Continuing education allowance** is the amount the church or employing organization agrees to reimburse for money actually spent or to be spent for job-related continuing education purposes. Payment must be vouchered under an Accountable Reimbursement Plan or paid under a Section 127 Plan. All other allowances should be included on line 5.
  - b. Automobile expenses** must be either (a) reimbursed at the per mile rate (set by the IRS) or (b) a car with full expenses provided. Record on line 8 the amount budgeted to reimburse the minister or to pay the expenses of operating a church-owned vehicle. All payments must be vouchered. Allowances for which no substantiation is required should be included on line 5.
  - c. Business and professional expenses** include such items as books, subscriptions to magazines, supplies, business meals, etc., and should be reimbursed as spent and vouchered by the minister.

**Line 11: Self-employment Contribution Act (SECA) Tax allowance** is to be paid to offset the SECA tax obligation of clergy. (Ministers are required to pay Social Security taxes on income received for services performed in the exercise of their ministry on a "self-employed" basis even though they are employees for IRS and W-2 purposes). If the allowance exceeds 50% of the minister's projected SECA tax obligation, the allowance in excess of the 50% is subject to Benefits Plan dues and must be reported on line 6 as other allowances.

**Line 12: Group plan covering medical deductibles, coinsurance, dental premiums** refers to a supplemental medical plan offered by the church or employing organization to cover its employees' additional medical expenses. If offered as a group plan, qualifying expenses can be paid by the employer and excluded from the employee's gross wages for Federal income and Social Security tax purposes. IRS regulations govern these plans. If these expenses are reimbursed by the employing organization through a means other than a formal group plan, the expenses constitute an allowance that would be subject to income and Social Security taxes and would be included in Effective Salary (report such amounts on line 6).

**OTHER CHANGES IN THE TERMS OF CALL**

The items here (relating to time primarily) are forms of compensation that are not monetary. All full-time ministers in the Presbytery are to receive at least one month (4 Sundays) of paid vacation and two weeks (2 Sundays) of paid study leave. Other changes may be given by mutual agreement, including time off for holidays, sabbatical leave, conference time, maternity/paternity leave, etc. Presbytery recommends thirteen (13) paid holidays a year.

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The Compensation Committee of your Presbytery's Committee on Ministry stands ready to help you with this report. Please contact us through the Presbytery Office for further assistance.

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