

## INSTRUCTIONS FOR COMPENSATION FOR 2020

### READ THIS ENTIRE DOCUMENT BEFORE BEGINNING SETTING OF COMPENSATION AND COMPLETION OF THE FORM

The form used for documenting what is adopted at Charge Conference as the Compensation for the person serving the church as pastor or for Deacons is slightly different this year when compared to last year. The on-line Benefits Calculator will calculate the increment and the benefit (health insurance, pension and welfare plan) expenses. Although these instructions may look daunting, it is really a simple process of entering a few numbers into the calculator and then transferring information to the Compensation Form.

Please note the following in completing the form:

1. A layperson serving a Local Church is not entitled to benefits and cannot have a housing allowance (i.e., there can be nothing entered in Section II or Section IV of the Compensation Form). This would apply to a Deaconess, Diaconal Minister, Supply Pastor and Certified Lay Minister.
2. **All reimbursement of expenses must be made by an Accountable Reimbursable Plan under Section III. Any amounts entered into Section III can only be paid with itemized receipts and mileage logs; you cannot just divide this number by 12 and pay it monthly.** If you have questions, contact Sandy O'Brien in the Conference Office (225-346-1646; sobrien@la-umc.org).
3. A Compensation Form must be completed for each church and, if the church is part of a charge, then a combined form for the Charge must be completed.
4. The most common types of Clergy Relationship Status to be entered on the top of page 1 are:
 

FE Full Connection Elder	FL Full Time Local Pastor
PE Probationary Elder	PL Part Time Local Pastor
OE Other Full Connection Elder	RL Retired Local Pastor
RE Retired Full Connection Elder	OF Other non-Methodist Denomination
FD Full Connection Deacon	HL Honorable Location
PD Probationary Deacon	DC Deaconess
OD Other Deacon	DM Diaconal Minister
RD Retired Full Connection Deacon	LM Certified Lay Minister
AM Associate Member	SY Supply
RA Retired Associate Member	
5. The **Appointment Increment** to be entered at the top of page 1 is found on the Benefits Calculator Sheet (see below on using the calculator).

Included in the Charge Conference packet is a sheet that shows the breaking points for the various Appointment Increments (i.e.  $\frac{1}{4}$ ,  $\frac{1}{2}$ ,  $\frac{3}{4}$ , FT) and what benefits clergy are entitled to at the various Appointment Increments. While the Benefits Calculator does these calculations automatically, this information may help the church in planning.

6. **Section I** involves Base Compensation.

- a. List the total for Base Compensation **at the top**. You will then list items that are to be deducted from this Total in order to come to a net payroll figure that the church will pay the Clergy.
- b. Sections I.1.b, I.1.c and I.2.a involve the Personal UMPIP contribution. The Clergy is responsible for determining these amounts and informing the church of these amounts for inclusion on the form.
  - i. Section I.1.b is for a regular post-tax contribution to the UMPIP plan.
  - ii. Section I.1.c is for a ROTH post-tax contribution to the UMPIP plan.
  - iii. Section I.2.a is for a pre-tax contribution to the UMPIP plan.

In order for a clergy person who is entitled to CRSP DC contributions to receive the full 3% contribution into their employee (personal) account, the clergy person **MUST** make a minimum employee (personal) UMPIP contribution of 1% of Total Plan Compensation on one of the lines listed above. This 1% figure is found on the Benefits Calculator Sheet (see instructions below). Clergy can contribute more than 1% and are encouraged to do so; this is accomplished by entering an amount equal to or larger than the 1% listed on the Benefits Calculator Sheet.

The benefits office will contact the pastor directly if additional paperwork is needed because of elections made. If a clergy person has a question about the various UMPIP options available, he/she should contact the Benefits Office **EARLY** in the process of setting compensation (Theresa Stevens, [benefits@la-umc.org](mailto:benefits@la-umc.org); 225-346-1646, ext. 204).

**FOR CHURCHES ON A CHARGE**, use the charge form amount for Total Plan Compensation. The number for the employee (personal) UMPIP contribution should be entered in Section I on **both** the form for the charge **AND** the form for the lead church on the charge only. **It is not entered on other churches in the charge.**

- c. Section I.3 involves salary reduction agreements. Line I.3.a is for employee's Health Savings Account (HSA) deductions (these are employee contributions only, **not** the \$100 per month that the Conference contributes with the Health Plan expense) and Line I.3.b. is for other cafeteria plan deductions that your church may have and the clergy has elected to utilize.
- d. Line I.4. is for clergy to indicate a deduction for the **Minister's Emergency Fund**. This money is used to help clergy in the conference with pressing financial emergencies. The recommended amount is  $\frac{1}{2}$  of 1% (or 0.005) of Base Salary. The money withheld by the church from the clergy's compensation is remitted to the Conference office on line 5030 of the Apportionment Remittance Form. At the end of the calendar year, the church should give the clergy a donation letter reflecting the amount actually deducted, stating that it was for the Louisiana Annual Conference Minister's Emergency Fund.
- e. You can only calculate the Net Paid to Clergy after you have run the Benefits Calculator and entered the amount for any employee (personal) UMPIP contribution and other items on lines 1, 2, 3 and/or 4.

7. **Section II** involves housing expenses and housing exclusions.
- A lay person serving in a local church **CANNOT** have Section II income.
  - If a church on the charge provides a parsonage, every church on the charge is to check the parsonage box.
  - If a clergy person has a dual appointment and both appointments are to churches and if a parsonage is provided in one of the dual appointments, then all churches must check parsonage on the benefits calculator.
8. At the bottom of Page 1, **Total Compensation** is found on the Benefits Calculator Sheet (see below on using the calculator)
9. **Section III** can only be used for Travel and Professional Expenses that are paid pursuant to an **Accountable Reimbursable Plan**. If figures are entered in this Section, an Accountable Reimbursable Plan must be in place already or one must be adopted at Charge Conference and this must be reflected in the Minutes of Charge Conference. On the Conference Web-site under the Finance Section Button there are sample plans available. **Amounts paid to the Clergy person must be supported by either a mileage log or itemized receipts (a charge slip indicating total charged does not suffice) indicating business purpose as required by the adopted Accountable Reimbursable Plan and these documents must be received by the church prior to any payment.** If you have questions, contact Sandy O'Brien in the Conference Office (225-346-1646, ext. 202; [sobrien@la-umc.org](mailto:sobrien@la-umc.org)).
10. **Section IV** is Benefits Paid for the Clergy.

Use the Benefits Calculator to complete the information needed for any Charge Form and for Section IV. It will calculate all numbers needed for the Charge Form and benefits for all entities (health insurance and/or pension). If a clergy person wishes to waive pension you still run the benefits calculator. Then see Special Situation 1 below.

- The **Benefits Calculator** is found on the front page of the Conference web-site (<http://www.la-umc.org>).
  - IMPORTANT – Once you have entered information and the calculator has calculated the values, **PRINT OUT THE FORM. It must be attached to the Compensation Form.** The benefits calculator does not save your information.
  - There are three different calculators. Use the one that is specific to the clergy person's situation.
    - Single Appointment**  
The clergy person has only one appointment to only one entity (a church or an extension ministry position)
    - Single Charge**  
The clergy person has only one appointment to a charge consisting of two to four churches.
    - Dual Appointment**  
The clergy person has a dual appointment situation whereby the clergy person is appointed to either two different churches who are not on a

charge with each other, a charge and a church not on that charge, two charges, or any of those combinations and an extension ministry position.

3. **For a Single Charge or Dual appointment situations, you must have all the information from Section I and Section II of the forms for each entity that is part of the charge or each dual appointment situation to proceed. It WILL NOT WORK if you do not have all this information.**
4. The Church Conference Number is found on the church's apportionment bill or can be found by contacting your district office.
5. For a charge where a parsonage is provided, the parsonage provided box must be checked for ALL the churches on the charge. For a dual appointment, if all the entities to which a person is being appointed are churches or conference ministries, the parsonage provided box must be checked for ALL the entities involved; if there is one church and one nonconference ministry, then the parsonage box is checked for the church and may or may not be checked for the other entity.
6. If pension has been waived with a notarized form on file (see the information below on Special Situations – Clergy Who Waive Pension) then mark the "Pension Waived Notarized Form on File".
7. Entering Total I – this is the amount at the **top** of Section I (Total Base Compensation). **A person cannot have a zero entered in Section I if there is something in Section II.**
8. Entering Total II – this is the amount at the bottom of Section II (Total Housing). If there is nothing in Total II enter zero.
9. For a Single Charge situation, there are boxes shown for Total I and Total II for two churches; if you enter a third or fourth church name, a box to enter Total I and Total 2 for these churches will appear.
10. Once all data is entered for the church(es), the benefits calculator will then calculate the health and benefits amounts. Transfer these figures to the Compensation Form on corresponding lines. Enter zeros if a zero is shown. If a Charge is involved, there will be amounts for each church on the charge AND for the total charge. For Dual Appointments there are separate amounts listed for different churches and if a charge is part of a Dual Appointment for the Charge.
  - a. Enter the Total Compensation at the bottom of Page 1 of the Compensation Form.
  - b. Enter the Total Plan Compensation in Section IV of the Compensation Form, which is on Page 2.
  - c. Enter the amounts listed on the next six lines on Lines 9, 10, 11, 12, 13, 14, and 15 of the Compensation Form.

- d. Enter the Total IV at the bottom of Section IV on the Compensation Form.
11. The Grand Total Base Compensation, Utilities/Housing, Expenses & Benefits is calculated by adding the totals from the top of Section I, and the bottoms of Sections II, III and IV. List that amount on the Compensation Form.
12. List any and all Grants the church/entity will receive to pay any portions of the compensation/benefits on the form. This includes salary support from Congregational Transformation and New Church Development.
13. The form must be signed and dated on **both** pages.

There are a few **Special Situations** regarding (1) Clergy Who Waive Pension; (2) Retired Clergy serving churches/extension ministries; and (3) Clergy who are currently on the Conference Health Plan, who have a  $\frac{3}{4}$  increment and whose church/charge/extension ministry wishes to pay the premium for this coverage.

1. Clergy WHO WAIVE PENSION (lines 10, 11, and 13) (**NOTE – a person cannot waive the welfare plan costs, which are lines 12 and 14; thus, even with a waiver, there will be a cost to the church for Line 12 for all FT and  $\frac{3}{4}$  time clergy and on Line 14 for all  $\frac{1}{2}$  time clergy**)
  - a. If a clergy person has or wants to waive pension benefits for 2020 there **MUST** be a signed and notarized waiver for the type of pension involved on file with the Benefits Office of the Conference before pension can be waived. To verify that a form is on file for the type of pension involved contact your district office or the Conference Benefits Office. If a clergy person has waived one type of pension and because of an increment change is now eligible for a different type of pension, then a waiver for the new type of pension eligibility **MUST** be executed.
  - b. If a proper waiver form is not on file, contact Theresa Stevens at the Conference Benefits Office (225-346-1646, ext. 204; [benefits@la-umc.org](mailto:benefits@la-umc.org)) regarding the proper waiver document to execute, which must be done (with notarization) **before** the Compensation Form is finalized.
  - c. Even if properly waived, the Benefits Calculator must still be run, printed and attached to the Compensation Form because other information from the Benefits Calculator sheet will be entered on the Compensation Form. If pension is **properly waived** enter 0.00 on the Compensation Form for pension (lines 10, 11 and 13) regardless of what the Benefits Calculator shows.
2. Retired Clergy serving the Local Church or Extension Ministry
  - a. Run the benefits calculator and attach the sheet because some of the figures must be used from the sheet even if certain benefits are not applicable. After working through sections, 2.b, 2.c, and 2.d below, you must manually add lines 10-14 to get line 15, manually add lines 9 and 15 to get the Total for Section IV, and manually add Totals I, II, III and IV to get the Grand Total Base Compensation. You **CANNOT** use the dollar amounts on the Benefits calculator sheet for these items on the Compensation Form.

- b. If a clergyperson is serving the local church in a retired relationship, then he/she is not entitled to pension contributions or to a welfare plan contribution. However, The Benefits Calculator must still be run, printed and attached to the Compensation Form because some of the information from the Benefits Calculator sheet will be entered on the form. **Enter 0.00 on the Compensation Form for any type of pension (lines 10, 11, and 13) or welfare plan (lines 12 and 14).**
  - c. **If a clergyperson is serving a local church in a retired relationship and the increment is FT, then the health insurance premium calculated by the Benefits Calculator must be entered on the Compensation Form as shown on the Benefits Calculator Sheet and must be paid by the church/charge/entity.** The clergyperson must be on the active plan of health insurance (this is a Medicare Rule, not a conference rule).
  - d. If a clergyperson is serving a local church in a retired relationship and the increment is  $\frac{1}{4}$ ,  $\frac{1}{2}$ , or  $\frac{3}{4}$ , the church may not pay premiums for the clergy person, as this is taxable income, unless the clergy person is  $\frac{3}{4}$  time and the church agrees to provide the active plan. (See #3a below)
  - e. If there are questions, contact Theresa Stevens in the Conference Benefits Office (225-346-1646, ext. 204; [benefits@la-umc.org](mailto:benefits@la-umc.org)).
3. Increment is  $\frac{3}{4}$  time, the clergyperson is presently on the Conference Health Plan, the clergy person wants to remain on the Conference Health Plan, and the church elects to pay the Health Plan expense (e.g., a clergy person drops from Full Time status to  $\frac{3}{4}$  time status)
    - a. The Benefits Calculator Sheet will indicate no Health Plan expense due. Write on the Benefits Calculation sheet the coverage of the clergyperson, the desire of the church to cover this expense, and enter \$16,680 on line 9 of the Compensation Form.
  4. Dual Appointment Increments
    - a. The increments for Dual Appointments may add up to more than 1. If this occurs, contact your District Office on what to do.

Please send any suggestions for further refinement/improvement in our process and forms to Sandy O'Brien at the Conference, [sobrien@la-umc.org](mailto:sobrien@la-umc.org).