

INSTRUCTIONS FOR COMPLETING THE 2027 CLERGY COMPENSATION WORKSHEET

Please follow these instructions for entering your 2027 compensation data and printing your Clergy Compensation Worksheet.

Step One: Verify Your Cash Income

Complete your **Compensation Record(s)** for the upcoming year as paid by each church under appointment. Add multiple Compensation Records if you receive compensation from more than one church.

Select from the **Church** drop-down menu the name of each church for which you are adding/editing a compensation record.

Pastor's Cash Income

If you are entering data during Charge Conference season for a new year, enter January 1st through December 31st. Exact date accuracy is important to ensure your worksheet and other reports generate properly.

The Pastor's Cash Income section is used to calculate your PLAN COMPENSATION. **Line 1** is the total **annual salary**. Enter your total annual salary from the church selected in the Church drop-down menu. For those who designate a part of their salary as a housing exclusion for personal tax purposes, the amount of the exclusion must be included in line 1. Compensation excludes bonus and love offering payments.



It is the NC Conference Cabinet's requirement that all allowances be paid on a **VOUCHERED** basis. If your church is providing a non-vouchered allowance, please be in consultation with your District Superintendent.

Line 2a includes **NON-VOUCHERED OTHER CASH ALLOWANCES** that are paid to you in addition to your salary that are not part of an accountable reimbursement plan (i.e. added to your paychecks without requiring receipts). These are considered non-vouchered allowances and are taxable income to the pastor and may be included in the retirement plan billing calculations. Common cash allowances are reported on separate subpoints of line 2a:

2a.1 = Health Insurance coverage outside the NC Conference Group BCBS Insurance Plan. For pastors who are not enrolled in the NC Conference group health insurance plan but who do receive an allowance from their church for health insurance through another policy. Enter the amount from the church's budget for this allowance. The IRS considers such allowances as cash salary to be included in taxable income. However, Wespeth Benefits and Investments does not include such allowances as retirement plan compensation.

2a.2 = Continuing Education allowance that is provided without receipts. If the church provides a lump sum allowance to the pastor without requiring documentation or receipts for the expense, then enter the amount from the church's budget for this allowance. This allowance is considered taxable income to the pastor and is included in the retirement plan compensation.

2a.3 = Miscellaneous Cash Allowances. Allowances that fall in this category include, but are not limited to, money not under an accountable reimbursement plan given for subscriptions, office supplies, etc. This allowance is considered taxable income to the pastor and is included in the retirement plan compensation.

Line 2b includes all **VOUCHERED TRAVEL & CASH ALLOWANCES**. Vouchered allowances are part of an accountable reimbursement plan meaning that to get paid the pastor must submit documentation or a receipt for the expense. Through such plans, documentation such as bills and receipts are submitted and payment is made in the exact amount shown on the documentation. Vouchered allowances for travel, continuing education, and miscellaneous expenses are not considered income and are excluded from the retirement billing calculations. For additional items deemed to be proper or improper vouchered allowances, refer to the [Accountable Reimbursement Policies Q&A](#) document.

2b.1 = Vouchered Travel - Travel allowances provided with appropriate documentation.

2b.2 = Vouchered Continuing Education allowance that is provided with receipts – Education allowances provided with receipts.

2b.3 = Vouchered Miscellaneous Cash Allowances - Allowances that fall in this category include, but are not limited to, money under an accountable reimbursement plan given for subscriptions, office supplies, books, etc. Allowances intended for travel or continuing education should not be included here but rather be detailed on the lines above. Allowances for health insurance coverage outside the NC Conference Group BCBS Insurance plan (such as through individual purchase) cannot be considered to be a vouchered cash allowance. This is in accordance with guidance received from the General Council on Finance and Administration (GCFA) legal services. Such allowances should be treated as compensation to the pastor, reported on line 2a.1 as noted above and included as taxable compensation on the pastor's W-2 from the church.

Line 3 includes **VOUCHERED UTILITIES ALLOWANCES** paid to utility companies or to the pastor in the exact amount based upon documentation such as bills and receipts. Utilities are defined by the IRS as electricity, heat, water/sewer, trash pick-up, local telephone, cable and internet access. In accordance with NC Conference guidance, utilities are considered a housing cost. This allowance is included in plan compensation and in the retirement plan cost calculations.

Line 4a includes any cash **housing allowance** paid to the pastor. If your church pays a housing allowance to a full-time pastor in lieu of a parsonage, the housing allowance plus all utilities must fall within this range for 2027: \$19,276 - \$38,553. If a portion of the housing allowance is designated for utilities expenses, then report the utilities portion separately on line 3 or line 4b. If the pastor is provided a parsonage instead of a cash housing allowance, then skip Lines 4a and 4b. The parsonage is reported on the Compensation Detail Record.

Line 4b includes **UTILITIES ALLOWANCES for pastors who receive a housing allowance** paid directly to the pastor without requiring documentation of the expenses. Utilities are defined by the IRS as electricity, heat, water/sewer, trash pick-up, local telephone, cable and internet access. These are considered non-vouchered utilities allowances and are taxable income to the pastor, included in plan compensation and in the retirement plan cost calculations.

SAVE your Compensation Record(s)

Verify the data on your **Compensation Detail Record**. The Compensation Detail Record has been pre-populated for the upcoming calendar year. Verify that the beginning and ending dates are accurate.

The **Appointment Time Percentage** determines retirement plan enrollment and benefit calculations. You will not be able to change the appointment percentage on the Compensation Detail Record. If the percentage is incorrect, contact your Assistant to the District Superintendent (ADS) to have this changed. In order for a pastor to be considered full time, the salary must be at least minimum salary for 2027 which is \$53,856.

Waiver of Church Participation - Check this box **ONLY** if the pastor is appointed less than full time AND he/she has already submitted a Waiver of Participation form to the Conference Benefits Team. Clergy appointed to less than full-time appointments have the option to waive participation. An official Wespath Waiver of Participation form must be signed by the pastor and notarized. A waiver is effective the first of the month after the date it was signed and notarized. There is a 60 day grace period for retroactive waivers. The waiver is applicable only to the United Methodist Personal Investment Plan (UMPIP). For more information regarding waiving participation in the clergy retirement plan, please contact the Conference Benefits Team.

Parsonage Provided - Check this box if a parsonage is provided by the church as a part of the pastor's compensation package. The parsonage value is the greater of 35% of the cash compensation or \$10,000.



Please note that if a charge does not provide a housing allowance and they do provide a parsonage and if the pastor chooses to not live in the parsonage, then the pastor should still check the parsonage box and add 35% to their plan compensation.

SAVE your Compensation Detail Record

Step Two: Complete Your Personal Contribution Selections

Verify the data on your **Personal Contribution Detail Record** matches your personal preferences. The Personal Contribution Detail Record has been pre-populated for the upcoming calendar year in accordance with the plan features. It is each pastor's responsibility to read, understand and modify if desired the elections on the record. The elections are open for editing until the system is locked at the end of charge conference season. Elections on record must be withheld from the pastor's salary unless a new Contribution Election form is submitted to the Conference Benefits Team in a timely manner.

Part 1 – Participant Information: verify/enter the name(s) of the church(es)/charge which provides your salary.

Part 2 – Maximum Contribution Amount: this section provides information regarding the limits on how much participants can contribute to Compass and UMPIP per IRS regulations.

Part 3 – Before-Tax Contribution: includes a description of the automatic features. If making a before-tax contribution, enter the contribution amount as either a percentage of plan compensation or as a flat monthly dollar amount. Contributions cannot be both a percentage and a dollar amount. Before-tax contributions save you in taxes owed while you are working. These contributions and their investment growth will be taxed when withdrawn from your account in retirement.

Part 4 – Roth Contribution: If making a Roth contribution, enter the contribution amount as either a percentage of plan compensation or as a flat monthly dollar amount. Contributions cannot be both a percentage and a dollar amount. Roth contributions are taxable income while you are working and non-taxable when withdrawn in retirement. Their investment growth is non-taxable when withdrawn in retirement.

Part 5 – After-Tax Contribution: If making an After-Tax contribution, enter the contribution amount as either a percentage of plan compensation or as a flat monthly dollar amount. Contributions cannot be both a percentage and a dollar amount. After-

tax contributions are taxable income while you are working and non-taxable when withdrawn in retirement. Their investment growth is taxable when withdrawn in retirement.

Part 6 – Transition Fund Contribution: If making a Transition Fund contribution, select Yes in response to the question “Do you elect to make a Transition Fund contribution?” If selecting Yes, you must also select the tax basis (before-tax or after-tax or Roth) which you want to apply to these contributions in the second drop down menu in Part 6.



Pastors, don't miss out on the church's match! Pastors who contribute at least 4% of plan compensation to Compass or at least 1% of plan compensation to the UMPIP will receive the full benefit from the church's contribution.



In the UMPIP, the automatic escalation feature means that covered Plan Participants' before-tax percentage contributions will increase by 1% each year up to a maximum of 10%, unless the participant elects not to have automatic contribution escalation apply. To opt-out of automatic escalation, select No in Part 3 in response to the question “Do you elect to have automatic contribution escalations apply to your contributions?” Refer to the Automatic Features Notice for more details.



In Compass, the automatic escalation feature means that covered Plan Participants' contributing only a before-tax or only a Roth, or only an after-tax contribution percentage will increase by 1% each year up to a maximum of 10%, unless the participant elects not to have automatic contribution escalation apply. To opt-out of automatic escalation, select No in Part 3 in response to the question “Do you elect to have automatic contribution escalations apply to your contributions?” Refer to the Automatic Features Notice for more details.



All participants retain complete control over their personal elections. Changes to elections can be made at any time during the year. Changes received by the 15th of the month may take effect as early as the first of the following month.

SAVE your Personal Contribution Detail Record

Step Three: Review and Print Your Compensation Reports

It is each pastor's responsibility to print and to provide a **Personal Contribution Report** and a **Clergy Compensation Worksheet** to their church treasurer and other financial personnel at each Charge Conference. Data on these records will be used as the basis for the retirement bills starting in January. The treasurer needs this information in advance to process the pastor's paychecks in the new year and verify the accuracy of the retirement bills.

To generate either the Personal Contribution Report or the Clergy Compensation Worksheet, enter an effective date for the time period which you want to generate the report. The date will pull the data from the corresponding records which you have just entered or verified.

??? Questions or Comments ???
Contact the Conference Benefits Team
benefitsteam@nccumc.org