COMPENSATION REPORT INSTRUCTIONS

For More Information on Pension Go To: www.gbop.com

Please Complete One Form For Each Pastor. Show the Church/Charge at the top right. **Where there is more than one church contributing to the compensation of one Pastor, list the amounts related to each church.** Show the Total Compensation for the Pastor in the extreme right column. Include income from all sources that are part of the ministry to which appointed (Equitable Compensation, New Church Development, Local Church) in the calculation of Total Salary.

Line-By-Line Tips:

1. The Annual Gross amount to be paid to the Pastor from Local Church, including United Methodist Personal Investment Plan (UMPIP*) Contributions, whether before-tax or after-tax.
2. List and name other compensation provided (Non-Accountable Allowances for Discretionary Fund, Employer SE, Etc., if any). Include all *Taxable Allowances*.
3. Supplements to Salary Support from outside the Local Church (Equitable Salary, Grant, Etc.) may be subtracted from Line 1 and shown separately on this Line as part of Taxable Income for the Pastor.
4. Other Income amounts (Travel *if given as fixed monthly amount*, non-vouchered and TAXABLE).
5. Add Lines 1 through 4 and enter the Total. Of this Total Amount, some special tax treatment may apply to certain portions, which will be listed in the next section.
    a. Line 5, plus 25% Parsonage value *or* actual Housing Allowance, equals the Total Plan Compensation Base Amount used for calculating contributions to the Clergy Retirement Security Program (CRSP*) and Comprehensive Protection Plan (CPP).
6. If UMPIP* Pension Contributions are paid to the GBOPHB Account under a Salary Reduction Plan, before tax, enter the amount. An agreement must be in place between Pastor and Local Church. Enrollment at GBOPHB in the UMPIP* Plan will generate a monthly billing directly to the church from Evanston. Specific limits on tax-sheltered contributions apply. The UMPIP* amount is shown in Box 12 of the W-2.
7. List amount withheld from salary and paid by the Treasurer to the Conference, on behalf of the Pastor for Pastor's Contribution to the Health Care Plan. This amount is the non-reimbursable portion of the FSA.
8. Reimbursable Account (FSA)
    a. List amount withheld from Pastor's Salary and for Pastor's FSA. This amount is the Reimbursable Medical Expenses Portion of the Pastor's FSA.
    b. List amount withheld from Pastor's Salary and for Pastor's FSA. This amount is the Reimbursable Dependent Care Expenses Portion of the Pastor's FSA.

Note: Effective January 1, 2008, pastors participation in the Conference FSA will be automatic unless waived based on completed enrollment form. Please contact the Conference Treasurer's Office.

9. Total the Salary Reduction Items, Lines 6 through 8b.
10. Enter the Total Taxable Compensation as shown on Line 5.
11. List the amount of the excludable household Furnishings Allowance, as set by the agreement between the Pastor and the Local Church.
12. Enter the Total Salary Reductions Items as shown on Line 9.
13. Line 10 minus Line 11, minus Line 12. This is the amount that will appear in Box 1 of the W-2 form at the end-of-the-year.
14. Lines 14-18: List other amounts in the church budget that provide support for the Pastoral Appointment
15. Enter the Parsonage Utilities and Maintenance.
16. If a Housing Allowance is provided instead of a parsonage, list the amount.
17. CRSP* (Pension Contribution) is 12% of Line 5a. Starting 2007, there is no limit.
18. CPP (Life and Disability Insurance) is 3% of Line 5a. Next year, the maximum CPP is $3,620.
19. Lines 19-21: Accountable Reimbursement Plans (ARPs) are established with a specific agreement, renewed annually. The initial amount is negotiated at the beginning of an appointment. The Annual Conference recommends that the Local Church pay registration and travel expenses for their clergy who attend Annual Conference. Travel Expenses should be reported on a timely basis for reimbursement.

This recommendation is valid when signed and the amount on Line 5 has been approved by the Church/Charge Conference.

This document is not intended to give specific legal or tax advice. The Conference is not engaged in rendering legal, accounting, or other types of Professional Service. For legal or other expert assistance or advice, the services of competent legal and tax counsel should be obtained.

* CRSP = Clergy Retirement Security Program (no longer referred to as MPP)
* UMPIP = United Methodist Personal Investment Plan (no longer referred to as PIP)