

Washington Presbytery
TEACHING ELDER- CALLED & INSTALLED
TERMS OF CALL WORKSHEET FOR 2021

Please return to the Committee on Ministry as soon as congregational approval has been given.

TEACHING ELDER NAME: _____ CHURCH NAME: _____

DATE CONGREGATION APPROVED CHANGES IN TERMS OF CALL: _____ EFFECTIVE DATE: _____

TEACHING ELDER SIGNATURE _____

CHURCH REP. SIGNATURE _____

A. CHANGES IN FINANCIAL COMPENSATION *INCLUDED* IN EFFECTIVE SALARY Lines 1-9 are compensation considered as part of Effective Salary for calculating Board of Pensions Benefits Plan dues. For more detail, consult the booklet, *Understanding Effective Salary* distributed to pastors and churches by the Board of Pensions.

<u>2020</u>	<u>2021</u>	
\$ _____	\$ _____	1. Annual Cash Salary
\$ _____	\$ _____	2. Housing Allowance (NOT CHURCH OWNED MANSE AMOUNT) Those with church owned manses report on line 9. While not taxable as federal income, housing allowances are currently reported on the W-2 for state tax and social security tax liabilities. It is the obligation of the minister to report any unused housing allowance as additional income subject to federal income tax. (See IRS Publication 517)
\$ _____	\$ _____	3. Utility and Furnishing Allowances Do <u>not</u> include an amount here if manse utilities are <u>both</u> in the name of and paid directly by the church – these may be included in line 9 below. Cash allowances paid to the minister for manse utilities or furnishings are reported on this line. Ministers with a housing allowance should note that utilities and furnishings are allowable expenses in providing a home, and, for tax benefits, may wish to have such amounts included in their housing allowance rather than as a separate Utility/Furnishing line item.
\$ _____	\$ _____	4. Medical Supplement This line includes reimbursement for medical expenses such as co-payments and deductibles. (If a church has a [Section 125] group plan to reimburse <u>all</u> employees for such expenses, that should be reported on line 12f.)
\$ _____	\$ _____	5. Social Security (Above 50%) While any allowance given to a minister for his or her SECA tax is taxable income, only the amount which exceeds 50% of his or her obligation is included in calculating Effective Salary. The initial 50% should be reported on line 12c. (see note under Line 12c.)
\$ _____	\$ _____	6. Deferred Income This could include Retirement Savings accounts, annuities, 403(b), etc.
\$ _____	\$ _____	7. Bonuses, Unvouchered Allowances, Gifts If a set allowance is paid for auto, study leave, book or business expenses it is reported on this line, as well as bonuses and gifts. See note (*) at end about allowances and benefits of using accountable reimbursement plans.
\$ _____	\$ _____	8. Other Applicable Income (See Board of Pensions Info in Section B)
\$ _____	\$ _____	9. Manse Amount (NOT HOUSING ALLOWANCE) Those with housing allowances report on line 2. For ministers provided a manse, this line must be at least 30% of the sum of lines 1,2,3,6,7,8. This is not a cash amount the minister receives, but the estimated "manse value" used to calculate effective salary and SECA tax obligations. If manse utilities are <u>both</u> in the name of and paid by the church, such an allowance may be added to the 30% figure.
\$ _____	\$ _____	10. TOTAL EFFECTIVE SALARY (Sum of lines 1-9)

B. CHANGES IN BOARD OF PENSIONS BENEFITS: For more detail, consult the booklet, *Understanding Effective Salary* distributed to pastors and churches by the Board of Pensions or go to www.pensions.org

Teaching elders in an installed pastoral relationship with a church must be offered participation in the PC(USA) Board of Pensions plan (G-2.0804). Under the Plan, the church must make available, at no cost, the Plan's pension benefits, death and disability coverage, and full family medical coverage under the Plan's options. Please see the several helps available online at pensions.org. Since this form is for our called and installed pastors, we presume your familiarity with those options and their costs to the church (Board of Pensions calls these costs "dues"). Please call or e-mail the Washington Presbytery Center if you have questions.

<u>2020</u>	<u>2021</u>	
\$ _____	\$ _____	11.a Benefits Plan Dues – Death and Disability (incl. Temporary Disability) See the variety of benefits available at www.pensions.org and enter your dues for Death & Disability on the line.
\$ _____	\$ _____	11.b Benefits Plan Dues – Pension See the variety of benefits available at www.pensions.org and enter your dues for Pension on the line.
\$ _____	\$ _____	11.c Benefits Plan Dues – Retirement Savings Plan (optional) Teaching Elders are to be given opportunity to participate in the optional Retirement Savings Plan (see "Retirement Savings Plan" at pensions.org). If there is a Retirement Savings Plan arrangement between church and pastor, please show it here and include it on number 6 above.
\$ _____	\$ _____	11.d Benefits Plan Dues – Medical See the variety of benefits available at www.pensions.org and enter your dues for Medical on the line.

Churches and Teaching Elders are required to log onto the *Benefits Connect* portal at pensions.org to make coverage selections. You are also urged to spend time reviewing and understanding the various options available, in order to help control costs while still supporting the community nature of the Benefits Plan.

C. CHANGES IN FINANCIAL COMPENSATION *NOT INCLUDED* IN EFFECTIVE SALARY

Lines 12a-12f are compensation **not** considered as part of Effective Salary for calculating Board of Pensions Benefits Plan dues. For more detail, consult the booklet, *Understanding Effective Salary* distributed to pastors and churches by the Board of Pensions.

<u>2020</u>	<u>2021</u>	
\$ _____	\$ _____	12a. Travel Reimbursement* This usually will be a per mile reimbursement which will be paid as vouchered by the minister.
\$ _____	\$ _____	12b. Professional Development reimbursements* This line should contain the amount the church agrees to reimburse the minister for actual continuing education expenses when they are vouchered under an Accountable Reimbursement Plan. See note (*) at end about allowances and accountable reimbursement plans.
\$ _____	\$ _____	12c. 50% SECA (Social Security) Offset For income tax purposes, ministers are considered employees; for social security purposes, ministers are considered self-employed. As a result, ministers pay the SECA tax at a rate of 15.3%. While any allowance the church provides for SECA is taxable income for ministers, the church does not pay Benefits Plan Dues for amounts up to the first 50% of the minister's estimated obligation. Any allowance over this 50% figure is to be reported on line 5.
\$ _____	\$ _____	12d. Books/ Other Professional Expenses* This could be for business meals, books, subscriptions, supplies, etc. Once again, these must be actual expenses and be vouchered by the minister for reimbursement.

\$ _____ \$ _____ **12e. Other vouchered reimbursements***

\$ _____ \$ _____ **12f. Group plan for deductibles, coinsurance, dental**

MOST CHURCHES DO NOT QUALIFY FOR THIS. Please note in the "Understanding Effective Salary" booklet that this must be a qualifying, formal group plan offered to all employees. Most churches do not have an established (Section 125) plan and should therefore include any reimbursements for deductibles and co-payments on line 8.

* Generally speaking, if something is called an "allowance" a set amount is paid to an employee for which the employer does not require substantiation or a voucher. This has implications for both Benefit Plan dues and for taxes. For the benefit of both the pastor and church, expenses for continuing education, books, subscriptions, automobile expenses, business expenses, etc. should be set up as "accountable reimbursement plans" in which vouchers are submitted for reimbursement. While a church will want to put a total annual amount for such plans into the church's annual budget, any maximums set for such accountable reimbursement plans could be misinterpreted as "allowances." Of course, there should be an understanding between the church and pastor as to what are reasonable and allowable expenses.

C. CHANGES IN NON-FINANCIAL BENEFITS (vacation, study leave time, etc.) LIST HERE:
