



# Accountable Reimbursements

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“When it comes to privacy and accountability, people always demand the former for themselves and the latter for everyone else.” – David Brin



## Goals for this session

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1. Gain understanding of what the rules are around accountable reimbursements
2. Learn of practical tips/strategies

### SO THAT YOU

1. Avoid being secretly hated by your treasurer
2. Avoid eroding trust in your leadership




# Legal Issues with Reimbursements

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“Intentions do not insulate us from the consequences of our actions.” — Jon D Harrison

IRS is the main one to be aware of. Labor laws and denominational rules also apply.



## Does the Accountable Reimbursement Policy need to be in writing?

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# No...but it should be

Written policy:

- Provides protection in the event of IRS audit
- Reminds everyone what the rules are
- Unreimbursed Employee Expenses

There is a sample policy on our website or can be found on GCFA's website. Make decisions ahead of time before the situations arise.

Not deductible income tax purposes. Can reduce self-employment income!



## Can the church refuse to reimburse expenses or limit the amount?

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# Yes

Only needs to reimburse business expenses.

Budget is the common way to limit.

Expenses that are ordinary and necessary you don't need prior approval. "Ordinary & Necessary" should be defined in discussion with Treasurer/SPRC. For the unusual ones, you should ask for approval or be fine with eating the cost.

Tell about the pastor who used ARP to buy a dining room table.



Can the church reimburse mileage at a lower rate than the IRS rate?

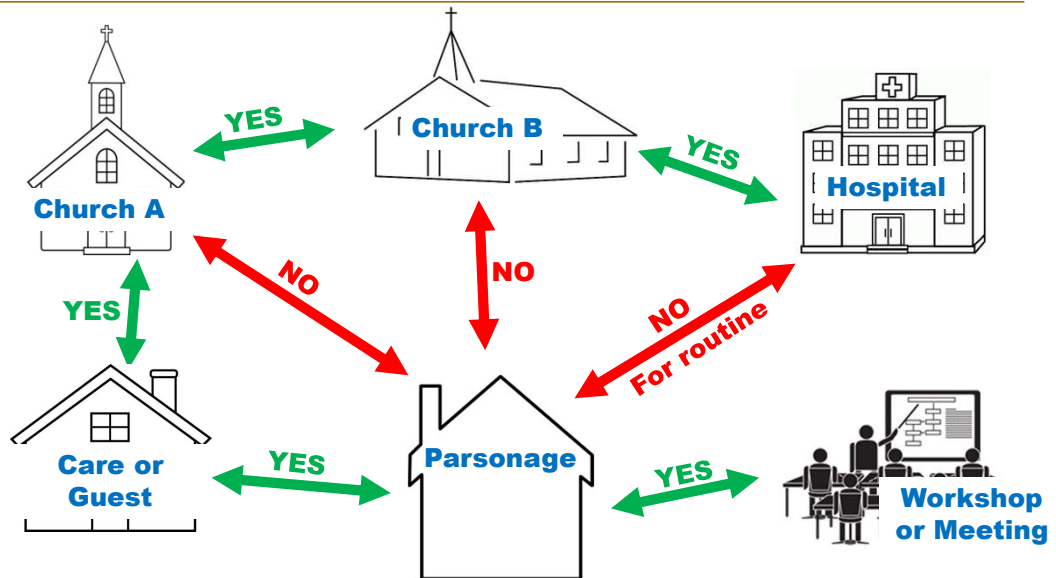
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No

This is a Conference policy. The IRS rate is higher than the cost of fuel so that it covers maintenance and eventually replacement.

No for pastors, but yes for volunteers and other staff.

## What mileage is reimbursable?



Parsonage <-> Church A; Parsonage <-> Church B; Church A <-> Church B

Parsonage <-> Hospital (like if you go every Tuesday); Church AB <-> Hospital

Parsonage <-> Follow-up or Care; Church AB <-> Follow-up or Care

Parsonage <-> Workshop or Meeting not at Church AB

General Rule: Traveling from home to regular workplace is commuting. Traveling from home to an irregular workplace is business travel. Travel between work sites is business travel.

Tell about Lyman County Parish



## Who owns the stuff purchased?

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# The Church

Church usually won't care if pastor keeps books, robes, etc, as these have minimal value.

Church usually will care about computer or tech.

Verify assumptions on ownership with  
SPRC/PPRC.

Whoever pays for it, owns it. Weigh the pros on cons when making a tech purchase. Usually becomes an issue only when the pastor is being moved. I recommend that the pastor purchase the computer/tech from the church for a fair price. Fair? I recommend either using eBay or basing it off the remaining useful life. I assume (from my days at the State and from work experience) that Desktop PC's have a 4-year life and laptops have a 3-year life. I would assume tablets have about a 3-year life too. If the laptop was purchased for \$900 2 years ago so only has one more year of useful life remaining, I would say \$300 is fair ( $\$900 \div 3 \times 1 = \$300$ ).

Another option: Purchase tech as part of your housing allowance. Not a good idea to use unreimbursed business expense unless can prove not used for personal purposes.



## What documentation needs to show?

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| <b>Mileage</b>   | <b>Purchases</b> |
|------------------|------------------|
| Date             | Date             |
| Business Purpose | Business Purpose |
| Mileage          | Amount           |
| Place            | What             |

Don't have to divulge identities of people you're visiting or meeting in cases where privacy is a concern. Credit card statement is not sufficient because you can't tell What. I like knowing the place so I can verify mileage for out-of-town trips.



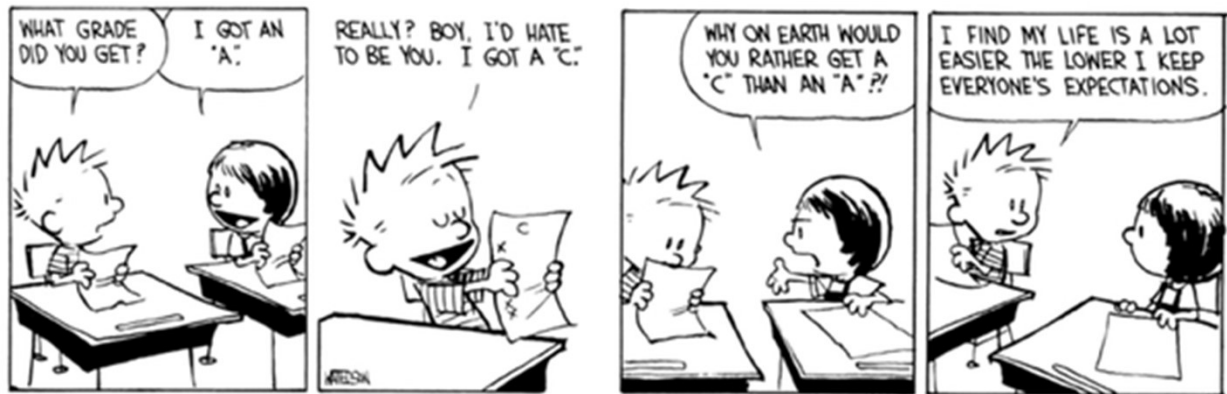
## Practical Ideas

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“He that is good for making excuses is seldom good for anything else.” — Benjamin Franklin

Usually get a couple a calls/year from treasurers/finance/SPRC concerned or frustrated with pastor's spending.

## Sit down with your treasurer and SPRC



Treasurer and SPRC already have an expectation about what is a business expense and how they should be reimbursed. You need to understand them first.

## Get a system that works for you



Have a box for receipts. Have a DropBox for receipts. Have some system for keeping your receipts organized. The worst feeling for most treasurers is to bug the pastor for receipts.

Write on your receipts! Highlight business purchases in mixed receipt (personal & business).

# Let your bank help

## DEPOSIT ACCOUNTS

|                                |                                      |                        |                          |                            |
|--------------------------------|--------------------------------------|------------------------|--------------------------|----------------------------|
| <b>Jeff's Checking</b> x5783   | <a href="#">Last 10 Transactions</a> | <a href="#">Search</a> | <a href="#">Download</a> | <a href="#">Statements</a> |
| <b>Betty's Checking</b> x5902  | <a href="#">Last 10 Transactions</a> | <a href="#">Search</a> | <a href="#">Download</a> | <a href="#">Statements</a> |
| <b>Bettys Savings</b> x8871    | <a href="#">Last 10 Transactions</a> | <a href="#">Search</a> | <a href="#">Download</a> | <a href="#">Statements</a> |
| <b>Jeffs Savings</b> x6310     | <a href="#">Last 10 Transactions</a> | <a href="#">Search</a> | <a href="#">Download</a> | <a href="#">Statements</a> |
| <b>Liams Savings</b> x5062     | <a href="#">Last 10 Transactions</a> | <a href="#">Search</a> | <a href="#">Download</a> | <a href="#">Statements</a> |
| <b>Liams Checking</b> x9135    | <a href="#">Last 10 Transactions</a> | <a href="#">Search</a> | <a href="#">Download</a> | <a href="#">Statements</a> |
| <b>JCT Accounting Co</b> x7215 | <a href="#">Last 10 Transactions</a> | <a href="#">Search</a> | <a href="#">Download</a> | <a href="#">Statements</a> |
| <b>JCT Savings</b> x2001       | <a href="#">Last 10 Transactions</a> | <a href="#">Search</a> | <a href="#">Download</a> | <a href="#">Statements</a> |

DEPOSIT ACCOUNTS TOTAL:



## CREDIT CARD / LOAN ACCOUNTS

|  |                                      |                          |                                 |
|--|--------------------------------------|--------------------------|---------------------------------|
| <b>Jeffs Credit Card</b> xxxx-xxxx-xxxx-5702 | <a href="#">Last 10 Transactions</a> | <a href="#">Download</a> | <a href="#">Rewards Balance</a> |
|--|--------------------------------------|--------------------------|---------------------------------|



# Questions?

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Related to the topic of Accountable Reimbursements

