

5/1/2014

DAKOTAS
ANNUAL
CONFERENCE

NEW TREASURER'S GUIDE

Resources specifically created for United
Methodist treasurers in the Dakotas.



Dakotas Conference Finance Office

*Faithfully serving our Churches
in the name of Jesus Christ*

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Will this guide actually help?

WHY WAS THIS GUIDE CREATED? The Finance Office has a deep desire to see our United Methodist churches in the Dakotas succeed in being the church God has specifically called them to be. We also understand the important role that the treasurers play in helping a church succeed. Decision makers and donors rely heavily on you. Out of this desire, this resource was born. While you can find information from various resources either on the internet or in the library on how to be a church treasurer of any church, you don't serve just any church. You serve a United Methodist church in the Dakotas Conference.

HOW DO I KNOW IT CAN HELP ME? If you are a new treasurer, I guarantee this will help you understand your job better. If you have been a treasurer for a number of years, I would bet you will find the answer to some of those nagging questions you have. This resource was created from:

- **Your Questions** – Every week we receive many calls from treasurers. The most common questions have been included in this guide.
- **Actual Experience as a Church Treasurer in the Dakotas** – Jeff Pospisil, who currently works for the Finance Office, worked for Bismarck Legacy UMC for five years and recalls what it is like to be a new treasurer.
- **Experienced Staff** – We have four staff with a combined total of nearly 50 years of experience serving United Methodist churches in the Dakotas.

WHAT WILL I FIND IN THIS GUIDE? Everything in here will be related to being a treasurer in the Dakotas. You will not find answers to general tax questions or budgeting or the like. You'll find:

- Detailed instructions for remitting funds to the Conference
- Guidance on pension and health forms
- Sample forms
- Explanations of what the billings pay for
- Guidance on payroll and tax reporting for pastors
- Information about the 16% apportionment

Who or What is “The Conference”?

The Conference is best understood as the regional headquarters for United Methodist churches in North and South Dakota. While the Conference does have employees in Fargo, Rapid City, Bismarck, and Sioux Falls, and we have volunteers all over the Dakotas, our main office (known as the Conference Center) is in Mitchell, SD. There are about a dozen employees at the Conference Center. Why Mitchell? I’m pretty sure it is because Dakota Wesleyan University is located here and is the only United Methodist university in the Dakotas. I don’t think it has anything to do with the World’s Only Corn Palace.



What does the Conference do? Each June, the pastors and delegates from the United Methodist churches in the Dakotas get together to make decisions at what we call Annual Conference. The Conference has to follow through with those decisions. For example, the 2012 Annual Conference voted to change the health coverage for our retired pastors. The Conference then went to work transitioning our retired pastors to the new coverage by working out contracts with the new vendor and walking our retired pastors through the process.

Who or What is "The Conference"?

What about the Finance Office and Benefits Office? Just like every church needs a treasurer to keep the accounting records and pay the bills, the Conference also needs some financially minded people to handle this part of the work. In addition to those regular "treasurer" duties, we are also here to assist churches with managing their finances and promoting stewardship. We have over 240 United Methodist churches in North and South Dakota. We provide some type of assistance to the majority of these churches throughout the year.



(From left to right: Leana Stunes, Jeff Pospisil, JoAnn Schlimgen, Sharon Blumer)

How and who to contact:

All of us can be reached by phone at (605)996-6552 or mail at: Dakotas Conference
 PO Box 460
 Mitchell, SD 57301

Leana Stunes, Conference Benefits Officer

Fax: (605)996-0827

email: leana.stunes@dakotasumc.org

Contact with questions about pension or health insurance forms, billings, or benefits

Sharon Blumer, Financial Assistant

Fax: (605)996-1766

email: sharon.blumer@dakotasumc.org

Contact with questions about payments from the Conference; being added to email or paper mailing list for statements

JoAnn Schlimgen, Assistant Dir. of Finance

Fax: (605)996-1766

email: joann.schlimgen@dakotasumc.org

Contact with questions about apportionment billings, remitting funds to the Conference, paying your pastor, or tax issues

Jeff Pospisil, Director of Finance

Fax: (605)996-1766

email: jeff.pospisil@dakotasumc.org

Contact with miscellaneous finance and stewardship questions

About that Bill/Statement from the Conference

HOW DO I START RECEIVING PAPER OR EMAIL STATEMENTS?

Each month we send out statements to treasurers showing what we've received from your church and what is owed. But to receive a statement, you need to be on either an email list or mailing list. To be added to a list, you have three options:

Option #1: Call (605)996-6552 and ask for Sharon. If Sharon is not available, either JoAnn, Leana, or Jeff can help you. Ask to be added to either the paper or email list for statements.

Option #2: Email Sharon at sharon.blumer@dakotasumc.org and ask to be added to either list.

Option #3: On the Remittance Form, there is a check box to sign up for either list. When we see one of those boxes checked, we'll add you to the list.

WHO DO I NOTIFY FOR AN ADDRESS CHANGE?

If you have a change of email address or mailing address, contact us so we can make sure you receive your statement and other mailings. You can do one of three options:

Option #1: Call (605)996-6552 and ask for Sharon. If Sharon is not available, either JoAnn, Leana, or Jeff can help you.

Option #2: Email Sharon at sharon.blumer@dakotasumc.org the change in address.

Option #3: When you send in the Remittance Form, you can include a note to change your address.

About that Bill/Statement from the Conference

HOW DO I GET TO MY ONLINE STATEMENT?

If you are on our email list for statements, each month you will receive an email that looks similar to the one below:



The screenshot shows an email from the Dakotas Conference Finance Office. The header includes a logo of a cross with a flame and the text "Dakotas Conference Finance Office" and "Faithfully serving our Churches in the name of Jesus Christ". The body of the email is enclosed in a box and contains the following text:

Dear Jeff Pospisil,

Your monthly statement is now available online. In addition, you can access our treasurer's resources and other financial reports at <http://dac.umconline.org> (no password).

Legacy - <http://dac.umconline.org/lc/stmt.php?gcfa=541932>

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You should also receive a paper statement in the mail. The due date for 2011 apportionments is January 13. There is also a mailing coming out around Christmas to remind you of the new amounts and to give you [a resource that may help in filling out your pastor's W-2](#) and figuring out the correct amount to pay your pastor in each pay check.

May the grace of Jesus Christ be with you,

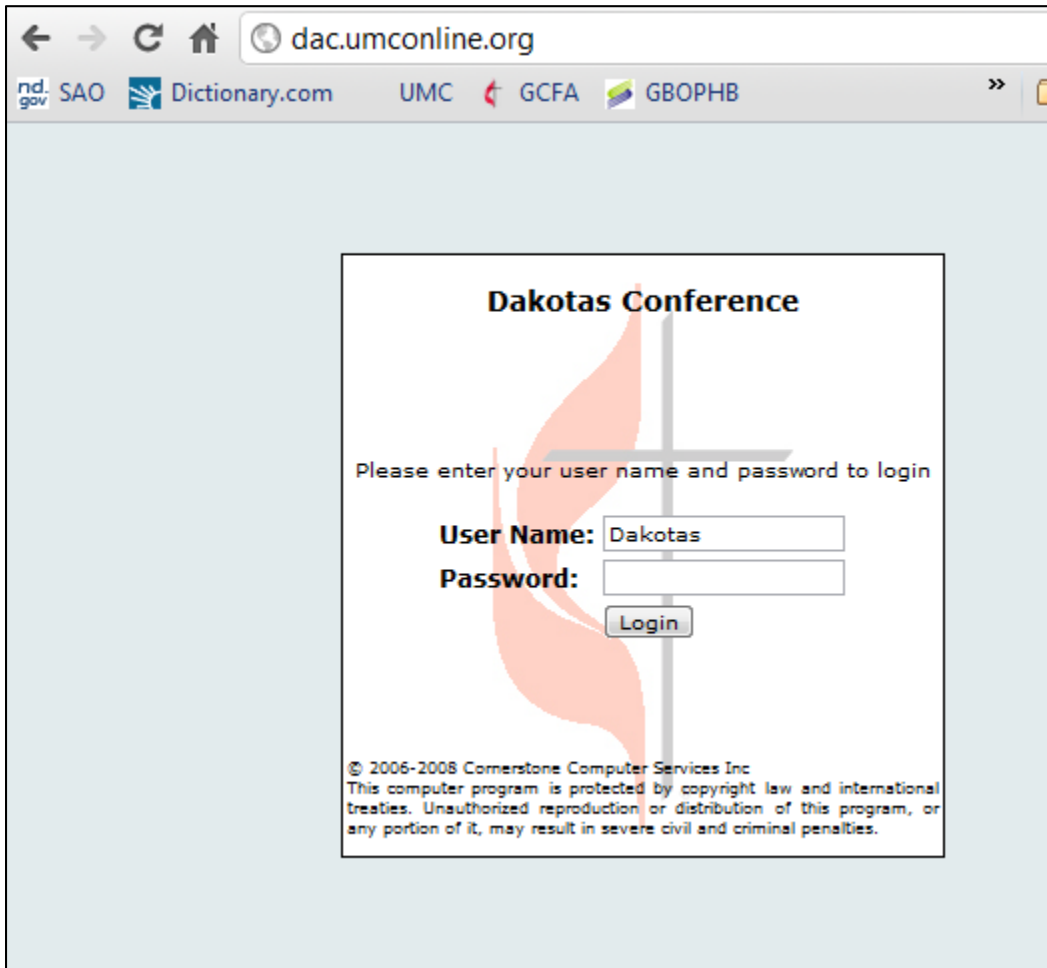
Jeff Pospisil, Treasurer

Below the email content, there is a "Forward email" link, a "SafeUnsubscribe" logo, and a "Trusted Email from Constant Contact" logo with a "FREE" badge.

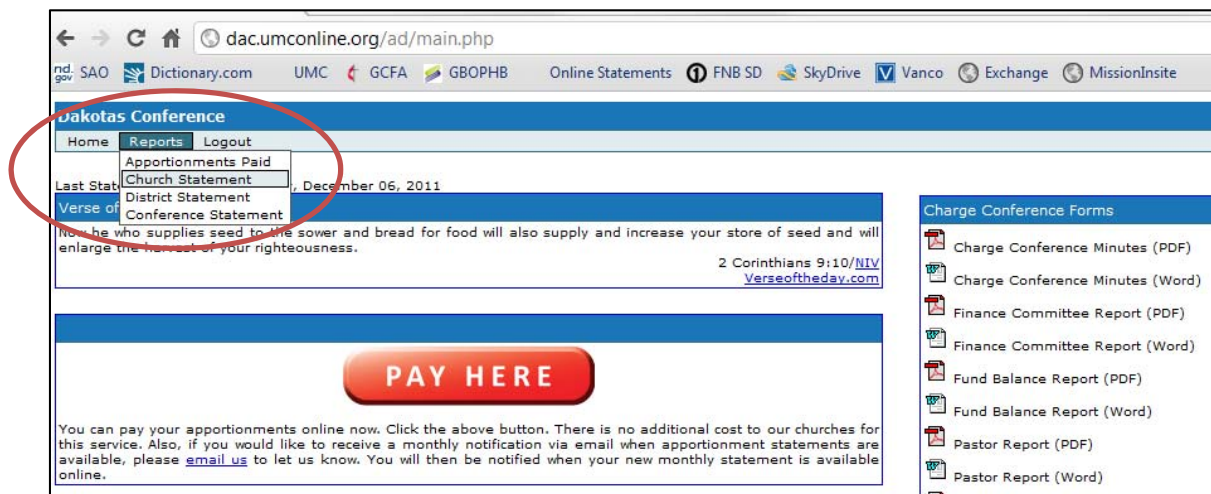
If you click on the blue link next to your church's name, this will bring you directly to your church's online statements.

If you are **NOT on the email list**, you can go on the internet to <http://dac.umconline.org>. You will see the following page:

About that Bill/Statement from the Conference



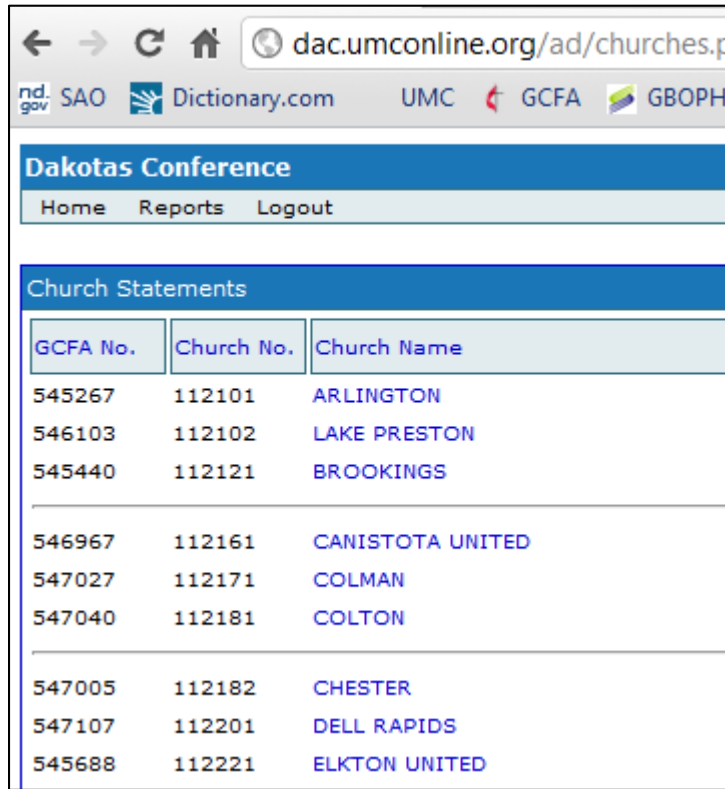
Just click . You do not need a password. This will bring you to the Home page.



In the upper left, there is the “Reports” menu. Click on “Church Statements” from this menu.

About that Bill/Statement from the Conference

You will see the list of churches as shown below.



The screenshot shows a web browser window with the URL dac.umconline.org/ad/churches.p. The page title is "Dakotas Conference" and it has navigation links for "Home", "Reports", and "Logout". Below this is a section titled "Church Statements" containing a table with three columns: "GCFA No.", "Church No.", and "Church Name".

GCFA No.	Church No.	Church Name
545267	112101	ARLINGTON
546103	112102	LAKE PRESTON
545440	112121	BROOKINGS
546967	112161	CANISTOTA UNITED
547027	112171	COLMAN
547040	112181	COLTON
547005	112182	CHESTER
547107	112201	DELL RAPIDS
545688	112221	ELKTON UNITED

The churches are listed by "Church No." You need to find your church's name and click on it to see your statement. If you are having difficulty finding your church, you can click on the column heading "Church Name" which will sort the churches alphabetically. This can sometimes make it easier to find your church.

If your church is not being billed for pension, health, or payroll withholdings, your statement will not be available until after we receive your first payment.

About that Bill/Statement from the Conference

HOW DO I READ MY STATEMENT?

There are two types of statements. First is the paper statement. Below is an example.

Dakotas Annual Conference					
Mr. Jeff Pospisil, Treasurer PO Box 460, Mitchell SD 57301 Phone: 605 996-6552					
				04/30/2014	
BISMARCK LEGACY UMC		Church Number: 352121 (541932) Pastor: KERMIT CULVER Treasurer: AL ROLL			
Fund No	Name	Annual Billing	MTD Rcvd	YTD Rcvd	Due Next Month
0001	APPORTIONMENT (16%)		6,500.00	26,000.00	
	Total Apportionments		6,500.00	26,000.00	
	Direct Bills				
0003	PENSION DIRECT BILL	10,995	916.25	3,665.00	916.25
0004	HEALTHFLEX DIRECT BILL	11,448	954.00	3,816.00	954.00
0007	UMPIP PAID BY PARISH	1,956	163.00	652.00	163.00
	Total Direct Bills	24,399	2,033.25	8,133.00	2,033.25
	Salary Withholdings				
0020	HEALTHFLEX - SR PASTOR'S SHARE	5,046	420.50	1,682.00	420.50
0025	MRA - SR PASTOR	1,200	100.00	400.00	100.00
	Total Salary Withholdings	6,246	520.50	2,082.00	520.50
	Other Receipts				
0706	OLSON FAMILY		0.00	0.00	
	Total Other Receipts		0.00	0.00	
	*** Grand Total ***	30,645	9,053.75	36,215.00	2,553.75

Annual Billing: This is the first column with amounts in it. This is the total amount for the year that your church will be billed. You will be billed 1/12 each month. *The 16% apportionment is discussed later. It isn't billed because it is self-reported by the church, but churches are expected to make monthly payments towards this.*





MTD Rcvd: This is the amount that we received from your church last month. Our cutoff date for statements is the last day of the month. So, if you mail a remittance on April 30, we'll likely receive it no sooner than May 2. That remittance will be recorded in May. The only exception is in December. Our cutoff day for the year is usually the middle of January.

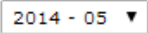





YTD Rcvd: This is the total amount we have received from you for the year.

Due Next Month: This is the amount you need to pay to be caught up. For this church, if they pay \$2,553.75 plus their 16% apportionment, they will be current. If a church falls behind on payments, this amount isn't just 1/12 of the total annual bill. It includes any unpaid amount from previous months.

About that Bill/Statement from the Conference

The second type of statement that we offer is the online statement which is below.

Dakotas Conference							
2014 - 05		Refresh		   			
BISMARCK LEGACY UMC				Pastor: KERMIT CULVER Treasurer: AL ROLL GCFA No: 541932 CC No: 352121 District: SAKAKAWEA DISTRICT			
Year:2014 Period:05							
Fund	Name	Annual Billing	MTD Paid	YTD Paid	Bal Due	% Paid	
000001	APPORTIONMENT (16%)	0.00	0.00	26,000.00	0.00	0.00	
	Apportionments	0.00	0.00	26,000.00	0.00	0.00	
000003	PENSION DIRECT BILL	10,995.00	0.00	3,665.00	916.25	33.33	
000004	HEALTHFLEX DIRECT BILL	11,448.00	0.00	3,816.00	954.00	33.33	
000007	UMPIP PAID BY PARISH	1,956.00	0.00	652.00	163.00	33.33	
	Direct Bills	24,399.00	0.00	8,133.00	2,033.25	33.33	
000020	HEALTHFLEX - SR PASTOR'S SHARE	5,046.00	0.00	1,682.00	420.50	33.33	
000025	MRA - SR PASTOR	1,200.00	0.00	400.00	100.00	33.33	
	Salary Withholdings	6,246.00	0.00	2,082.00	520.50	33.33	
	Total	30,645.00	0.00	36,215.00	2,553.75	33.33	

In the upper left, you can see   . If you click the down arrow, you can see statements from prior months and prior years. Choose a statement and click the “Refresh” button. In the upper right, you can see     . These buttons Print the statement, Download the statement into Microsoft Excel or Word, and Close the statement.

Annual Billing: This is the first column with amounts in it. This is the total amount for the year that your church will be billed. You will be billed 1/12 each month. *The 16% apportionment isn't billed because it is self-reported by the church, but churches are expected to make monthly payments towards this.*

MTD Paid: This is the amount that we received from your church last month. Our cutoff date for statements is the last day of the month. So, if you mail a remittance on April 30, we'll likely receive it no sooner than May 2. That remittance will be recorded in May. The only exception is in December. Our cutoff day for the year is usually the middle of January.

YTD Paid: This is the total amount we have received from you for the year.

Bal Due: This is the amount you need to pay to be caught up. For this church, if they pay \$2,553.75 plus their 16% apportionment, they will be current.

% Paid: This shows what percentage of the annual amount to be billed has been paid year to date (YTD Paid ÷ Annual Billing = % Paid). For this church, we can see after 4 months, they have paid 33.33% of the total annual amount.

About that Bill/Statement from the Conference

WHAT ARE THESE DIFFERENT THINGS I'M BEING BILLED FOR?

We bill for a lot of different items, and you usually cannot tell exactly what the money goes for just by the short description. Here is a very brief description:

Apportionments and Direct Bills to Parish

- **Fund 1 – Apportionment (16%):** This pays for United Methodist ministries around the world including supporting bishops, missionaries, and seminaries. This also pays for United Methodist ministries just in North and South Dakota. This includes our three camps, new churches, Native American ministries, programs to equip churches and pastors, as well as Conference employees.
- **Fund 3 – Pension Direct Bill:** This pays for the pastors' pension plan (CRSP) which is based on years of service and each pastor's compensation. It also pays for death and disability insurance (CPP) for each pastor.
- **Fund 4 – HealthFlex Direct Bill:** This pays for your pastor's health insurance. This amount along with your pastor's share pays for your pastor's health coverage. We use a blended rate so that the cost to the church is the same for a single pastor or a pastor with a family.
- **Fund 7 – UMPIP Paid by Parish:** To supplement our pastors' pensions, each church served by a full-time United Methodist pastor contributes a set amount towards pastor's United Methodist Personal Investment Plan account. The amount is the same for each pastor (3% of the denominational average compensation). This is the Employer Contribution. Many pastors also choose to have money withheld from their salary to go into this account as well (Employee Contribution).

Withholdings from Pastor's Salary

- **Fund 20 – HealthFlex – Pastor's Share:** Along with the amount paid by the parish, this pays for your pastor's health coverage. This is withheld from the pastor's salary. Pastors are asked to pay for 25% of the cost of their current health insurance plus contribute a smaller amount towards their health insurance when they retire.
- **Fund 25 – MRA - Pastor:** This is your pastor's Medical Reimbursement Account. Your pastor can elect *online* to have an amount withheld from their salary to go into a flexible spending account that your pastor can use to pay certain medical expenses. This will be reflected on the Clergy Compensation Form. There are tax advantages for doing this.
- **Fund 30 – DCA - Pastor:** This is your pastor's Dependent Care Account. Your pastor can elect *online* to have an amount withheld from their salary to go into a flexible spending account that your pastor can use to pay for expenses such as day care or in-home care for a disabled dependent. This will be reflected on the Clergy Compensation Form. There are tax advantages for doing this.

About that Bill/Statement from the Conference

HOW DO I MAKE A PAYMENT?

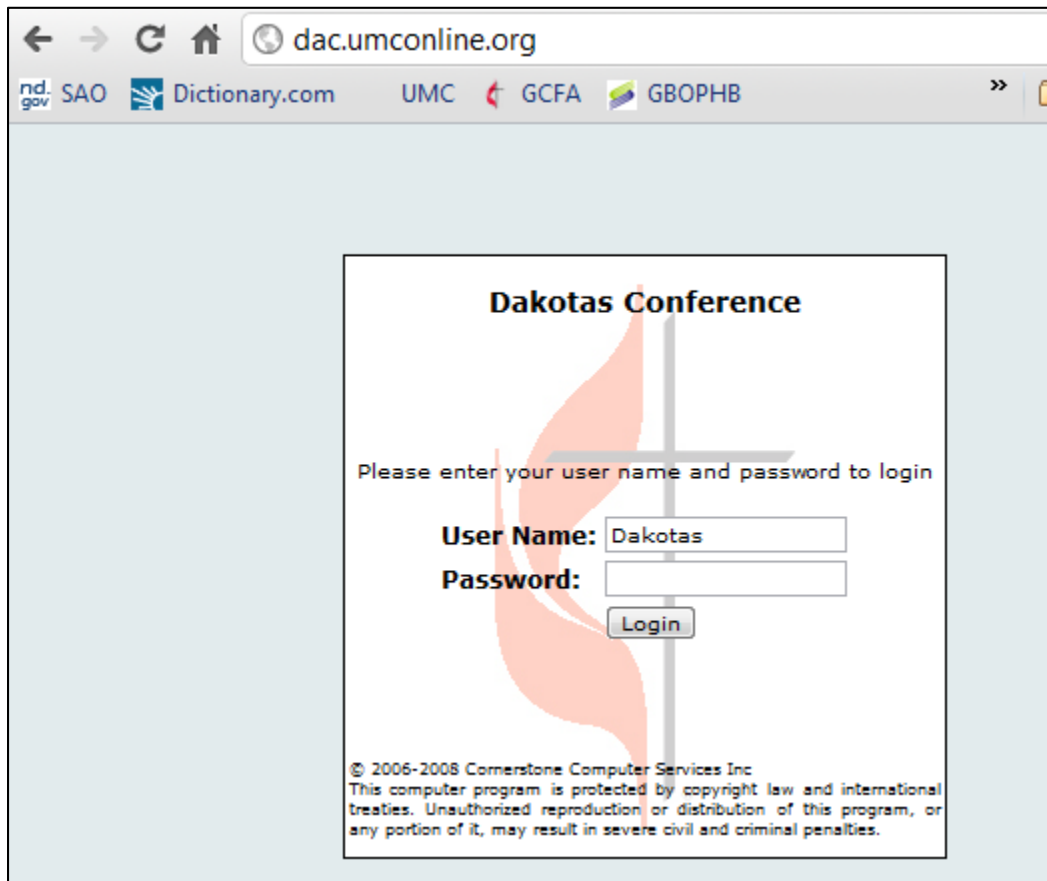
You can either make payments by mailing a check or electronically through our secure Vanco website or by setting up a recurring electronic funds transfer with us.

If you mail a check, make the check payable to “Dakotas Conference” and send it to:


Dakotas Conference
PO Box 460
Mitchell, SD 57301

Please complete and enclose a Remittance Form with your check. A copy of the Remittance Form is in the Appendix. The Remittance Form is what we use to ensure that your payment is applied correctly.

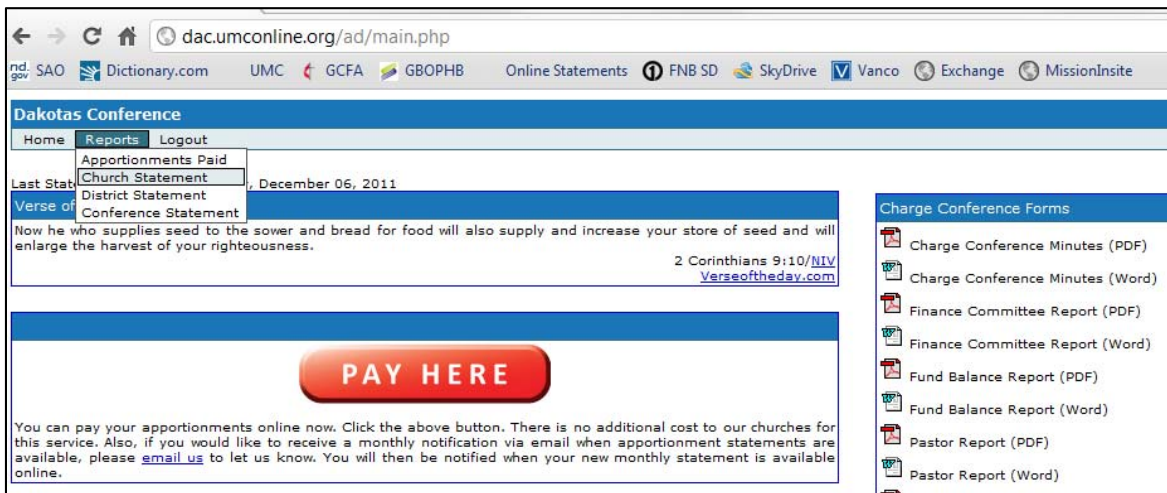
To make a payment online, go to <http://dac.umconline.org>. You will see the following page:



The screenshot shows a web browser window with the address bar displaying dac.umconline.org. The browser's address bar also shows several tabs: "nd.gov", "SAO", "Dictionary.com", "UMC", "GCFA", and "GBOPHB". The main content area of the browser displays the Dakotas Conference login page. At the top, it says "Dakotas Conference" in bold. Below that is a large, stylized orange leaf graphic. The text "Please enter your user name and password to login" is centered. There are two input fields: "User Name:" with the text "Dakotas" entered, and "Password:" with an empty field. A "Login" button is positioned below the password field. At the bottom of the page, there is a copyright notice: "© 2006-2008 Cornerstone Computer Services Inc. This computer program is protected by copyright law and international treaties. Unauthorized reproduction or distribution of this program, or any portion of it, may result in severe civil and criminal penalties."

Just click . You do not need a password. This will bring you to the Home page as seen on the following page.

About that Bill/Statement from the Conference



Click the big red “PAY HERE” button. This will bring you to our secure Vanco site. Vanco has been a partner with the United Methodist Church for a very long time. They process electronic donations for both churches and conferences. You will see the following page. Follow the instructions to complete the online payment.



About that Bill/Statement from the Conference

To setup a recurring electronic funds transfer, complete the Authorization Form. There is a copy in the appendix of this guide. Return the form along with a voided check to:

Dakotas Conference
PO Box 460
Mitchell, SD 57301

WHAT IF I CAN'T PAY THE ENTIRE BALANCE DUE?

We understand that on occasion, some churches are not able to pay their entire monthly bill. We do encourage you to send in what you are able to as even partial payments are very helpful as we provide pension and health insurance for pastors and fund ministries in the Dakotas and around the world.

A common question is, "*Which funds should I pay first or should I pay them all evenly?*" I encourage churches to pay the funds in the following order:

- **FUNDS 20, 25, 30 – Withholdings from Pastor's Salary:** Any salary withholding for your pastor's health insurance, medical reimbursement account, and dependent care account must be remitted to the Conference within one month.
- **FUNDS 4 & 7 – HealthFlex and UMPIP Paid by Parish:** These are monthly bills paid by the Conference so we depend heavily on churches making these payments in a timely manner.
- **FUND 3 – Pension and Insurance:** This includes monthly bills for death and disability insurance for current pastors, and pension contributions for current pastors. This also includes our big annual pension contribution made on December 31st which is around \$800,000. If you fall behind on Fund 3, it's important to try to catch up by year end.
- **FUND 1 – Apportionment (16%):** The Conference has the most control over these funds. We can delay or cancel planned spending if we don't have the money available.

About the 16% Apportionment

WHAT'S THE STORY BEHIND THE NEW APPORTIONMENT METHOD?

Since 1994, once the Conference Budget was set, each church shared proportionally in the cost of that budget based on average membership and average operating expenses. Additionally, each charge served by a full-time United Methodist pastor was direct billed for health insurance. The formula was configured in a way that a church's total apportionment couldn't go up more than 10% or down more than 5% from last year.

10% Cap from Previous Year

$$\left(\frac{\text{Average Church Membership for Last Year} + \text{Average Operating Expenses for Last Year}}{2} \right) \times \text{Apportioned Budget} = \text{Fund One}$$

+

$$\left(\frac{\text{Average Church Membership for Last Year} + \text{Average Operating Expenses for Last Year}}{2} \right) \times \text{Apportioned Budget} = \text{Fund Two}$$

+

$$\left(\left(\frac{\text{Average Church Membership for Last Year} + \text{Average Operating Expenses for Last Year}}{2} \right) \times \text{Apportioned Budget} \right) \times \text{Pastor Benefits Factor} = \text{Fund Three}$$

5% Cap from Previous Year

There was a desire to change the apportionment method because: 1)the calculation itself can be quite complicated (shown to the left), and 2)there is no longer as strong a connection between a church's total membership and their ability to contribute towards apportionments.

Beginning in 2014, the apportionment method switched so that it was similar to tithing. Churches are asked to contribute 16% (instead

of a 10% tithe) from their current operating income as their apportionment. In addition, churches will be direct billed for health insurance AND pension costs relating to their pastor. Operating income is defined in the annual statistical reports on Table III Line 62 and is discussed in the next section.

WHAT INCOME IS SUBJECT TO THE 16% APPORTIONMENT?

Primarily this is defined in the annual statistical reports on Table III, Line 62. On our website (dakotasumc.org), you can go to **Resources >> Forms** in the menu bar on top to find this form. On the next two pages is a list we compiled to help you in determining what income is subject to the 16% apportionment.

About the 16% Apportionment

<i>Donations Received</i>	
OPERATING INCOME	NOT OPERATING INCOME
Donations that are not designated	Donations for Special Sundays
Donations designated for the General Fund or Operating Budget	Donations for General Advances or Conference Advances
Donations designated for items in the operating budget (e.g. Donation of \$100 designated for church utilities)	Donations designated for special projects that are not in the operating budget (e.g. for camp scholarships or to replace carpet)
Donations of stock, grain, cattle, or the like that are undesignated. Calculate the apportionment on the proceeds of the sale of the donated item.	Donations of a Capital Campaign or Debt Retirement
	Donations to be passed through to other benevolent organizations (e.g. donations for the Salvation Army, the local food bank/pantry, UMCOR or the like)
	Memorial Gifts
	Bequests, even if undesignated
	Offerings that are designated for special project or another benevolent organization. This should be communicated to the congregation. Examples include: <ul style="list-style-type: none"> • Christmas Eve offering designated for the local soup kitchen • Any change received for the month being designated for camp scholarships • Designating 10% of the offering for missions
<i>Interest, Dividends, and Investment Related</i>	
OPERATING INCOME	NOT OPERATING INCOME
Interest and Dividends received from investing General Fund Dollars (e.g. CD interest)	Distributions received from an endowment or trust.
Dividends received from stock that was donated	Dividends received from stock that was received through bequest
	Income received from land/property that was received through bequest (e.g. farmland bequeathed to a church that rents it out)

About the 16% Apportionment

<i>Sale of Church Assets</i>	
OPERATING INCOME	NOT OPERATING INCOME
Proceeds from the sale of stock, grain, cattle, or the like that were undesignated gifts to the church	Proceeds from the sale of stock, grain, cattle, or the like that were designated (e.g. stock gift received for the capital campaign)
Sale of non-capital assets that the church no longer needs (e.g. Church selling extra pianos)	Sale of capital assets (land, buildings, vehicles) where the proceeds will be used for debt retirement or purchase of a capital asset
<i>Building Use & Rental Fees</i>	
OPERATING INCOME	NOT OPERATING INCOME
Fees charged to groups or individuals for the use of the church building (e.g. Fees for non-members to get married in the church)	Damage deposits paid by groups for use of the church building or when the fee is just to cover increased custodial expenses
Lease payments received (e.g. Daycare provider leases space in the church or a cell phone company leases some of the church's land for a tower)	Fees charged to groups that are to specifically cover increased costs (e.g. Church charges groups for the custodians time in cleaning up after an event)
Income from renting out a parsonage that is no longer being used for pastor housing	Income from renting out a parsonage where the income is used only for the parsonage upkeep
<i>Fundraisers (Net Income) and Other Income</i>	
OPERATING INCOME	NOT OPERATING INCOME
Net Income from Fundraisers that support the church budget (e.g. Turkey Dinners or Pancake Feeds where the net income goes to the General Fund)	Fundraisers for a specific project not in the budget (e.g. youth selling candy to go on a mission trip)
Net Income from programs where the profits support the church budget (e.g. Church daycare has net income of \$1,000/month which is deposited in the General Fund)	Fundraisers for another benevolent organization (e.g. Turkey Dinner where the net income goes to the Boy Scouts)
	Fundraisers to help an individual/family in need
	Reimbursements received (e.g. Pastor serving two churches is paid by the larger church. The smaller church reimburses the larger church for their share of the pastor's compensation)
	Grants received (e.g. Grants from the Conference, the Foundation, the government, or another entity).

About the 16% Apportionment

HOW AND WHEN DO I REMIT THE APPORTIONMENT?

Churches in the Dakotas generally fall into one of two camps concerning how and when to remit the 16% Apportionment. Both practices are acceptable.

Based on Estimate: Some churches will estimate their total operating income for the calendar year. They will then multiply this by 16% and remit 1/12 each month. The final payment will be adjusted to agree with the actual operating income at the close of the year.

Based on Actual: Most churches will wait until the end of the month to see how much operating income they had for the month. They will then multiply this by 16% and remit it during the next month. If they are unable to pay the full amount for one month, they will catch up in a future month.

EXAMPLE

Strasburg UMC estimated that they will receive \$100,000 in operating income for the year which would result in an apportionment of \$16,000. The actual total income was \$110,000. Below shows how they would pay under the two methods:

<i>Month</i>	<i>Actual Income</i>	<i>Remit by Estimate</i>	<i>Remit by Actual</i>
January	\$5,000	\$1,333.33	
February	9,500	1,333.33	\$800
March	9,000	1,333.33	1,520
April	10,200	1,333.33	1,440
May	9,500	1,333.33	1,632
June	6,000	1,333.33	1,520
July	6,300	1,333.33	960
August	7,100	1,333.33	1,008
September	10,000	1,333.33	1,136
October	11,500	1,333.33	1,600
November	12,700	1,333.33	1,840
December	13,200		2,032
January		2,933.37	2,112
Total	\$110,000	\$17,600	\$17,600

About Paying Your Pastor and Reporting Taxes Correctly

HOW DO I KNOW HOW MUCH TO PAY MY PASTOR?

Knowing how much to pay your pastor can be complicated. The nice thing is that every pastor should have a Clergy Compensation Form completed for them at the Charge Conference each year. I've included a sample Clergy Compensation Form for Pastor Larry Welk in the Appendix to refer to. If there are two or more churches in the charge, the treasurers of each church need to get together to determine if each church will pay the pastor separately or if one church will pay the pastor and the others will reimburse that church. The latter is the preferred method. In this example, Pastor Larry Welk is paid twice a month on the 15th and the last day of the month. I am using the 2014 amounts.

CALCULATION	EXAMPLE
Total Compensation (<i>Section I: C</i>)	\$40,000
- HealthFlex Pastor's Share (<i>Section II: A</i>)	- 2,600
- Medical Reimbursement Account (<i>Section II: B</i>)	- 1,500
- Dependent Care Account (<i>Section II: C</i>)	- 4,800
- Pastor's Contribution to UMPIP Before-Tax (<i>Section II: D</i>)	- 600
- Pastor's Contribution to UMPIP After-Tax (<i>Section II: E</i>)	- 0
= Annual Amount Paid to Pastor	= \$30,500
÷ Number of Pay Checks in the Year	÷ 24
= Amount of Each Pay Check	= \$1,270.83

DO I WITHHOLD TAXES FOR MY PASTOR?

If your pastor is licensed or ordained, this is up to your pastor. Have your pastor fill out a Form W-4. This is an IRS Form and a copy is included in the Appendix. If your pastor writes "Exempt" in Box 7, do not withhold taxes because your pastor is responsible for making quarterly estimated tax payments. If your pastor does not write "Exempt" in Box 7, you will need to withhold taxes. **You can only withhold Federal and State Income Taxes for your pastor. You cannot withhold Social Security and Medicare.** The reason is that the IRS considers your pastor to be an employee of the church while the Social Security Administration considers your pastor to be self-employed.

If you are served by a lay pastor (i.e. not licensed or ordained), you have to withhold Federal Income Tax and Social Security and Medicare Taxes. The church will also have to pay in a matching share for Social Security and Medicare Taxes. You will have to remit the taxes and withholdings to the IRS regularly. Contact the Finance Office if this is the case and you need guidance.

About Paying Your Pastor and Reporting Taxes Correctly

HOW DO I REPORT MY PASTOR'S COMPENSATION TO THE IRS?

Doing regular taxes can be confusing enough. Clergy taxes are about ten times more confusing than regular taxes. I've included a sample Clergy Compensation Form for Pastor Larry Welk in the Appendix to refer to in explaining this. When you fill out your pastor's Form W-2, you will need to use the actual payroll records to confirm the amounts paid to your pastor and the amount withheld. Below is the sample Form W-2 for Pastor Welk as well as instructions on filling it out. I am using the 2013 amounts.

22222		a Employee's social security number 123-45-6789		OMB No. 1545-0008					
b Employer identification number (EIN) 99-9999999			1 Wages, tips, other compensation 21,850		2 Federal income tax withheld 0.00				
c Employer's name, address, and ZIP code STRASBURG UNITED METHODIST CHURCH 120 RENNER RD STRASBURG, ND 58573			3 Social security wages		4 Social security tax withheld				
			5 Medicare wages and tips		6 Medicare tax withheld				
			7 Social security tips		8 Allocated tips				
d Control number			9		10 Dependent care benefits				
e Employee's first name and initial LARRY WELK		Last name 123 RENNER RD STRASBURG, ND 58573		Suff. HOUSING - 4,000		11 Nonqualified plans			
f Employee's address and ZIP code		13 Statutory employee <input type="checkbox"/>		Retirement plan <input checked="" type="checkbox"/>		Third-party sick pay <input type="checkbox"/>			
		14 Other		12a E 600		12b			
		15 State ND 99-9999999		16 State wages, tips, etc. 21,850		17 State income tax 0.00		18 Local wages, tips, etc.	
		19 Local income tax		20 Locality name		12c		12d	
Form W-2 Wage and Tax Statement		2013		Department of the Treasury—Internal Revenue Service					
Copy 1—For State, City, or Local Tax Department									

Box 1 = Total Compensation (Section I:C) – Housing Exclusion (Section I:D) – Tax Exempt/Deferred Salary Reduction (Section II:A,B,C,D but not E) + Bonus or Gifts Paid to the Pastor through Church

Example: $35,000 - 4,000 - 2,550 - 1,200 - 4,800 - 600 + 0 = \$21,850$

Box 2: Zero unless your pastor has completed a W-4 electing to withhold Federal Income Tax

Box 12: If Section II:D has an amount, Enter "E" for the code and the amount for the Pastor's Tax Deferred UMPIP.

Box 13: Check "Retirement Plan" unless you are served by a retired pastor or lay pastor

Box 14: I recommend putting the Housing Exclusion/Allowance (Section I: D) plus the Cash Allowance (Section III). A Cash Allowance is paid when a parsonage is not provided.

Box 15, 16, 17: For South Dakota churches, you can leave these blank. For North Dakota churches, enter "ND" and your North Dakota Tax ID into Box 15. Box 16 should be the same amount entered into Box 1. If State Income Tax was withheld, enter that amount into Box 17.

About Forms for a New Pastor or a New Year

WHAT FORMS DO I NEED FILLED OUT EACH YEAR?

Each year or whenever you receive a new pastor, there are a list of forms that should be completed. There are copies of each form in the Appendix. A lot of the forms depend on the Clergy Compensation Form so keep that at hand when deciding which forms to complete.

- **UMPIP Billing Change Form:** This form needs to be completed ONLY if the pastor is making a personal contribution to the UMPIP. On the Clergy Compensation Form, this election is made in Section II: D or E. The General Board of Pension will bill you for these amounts.
- **UMPIP Before-Tax and After-Tax Contribution Agreement:** This form needs to be completed ONLY if the pastor is making a personal contribution to the UMPIP. On the Clergy Compensation Form, this election is made in Section II: D or E.
- **Salary Reduction Form: Health Insurance:** If your pastor is on the Conference health insurance, this form will need to be completed for the pastor's share of the health insurance. On the Clergy Compensation Form, this amount is provided in Section II: A.
- **Salary Reduction Form: Medical Reimbursement Account:** A pastor may elect to have money withheld from the salary for medical expenses. On the Clergy Compensation Form, this election is made in Section II: B.
- **Salary Reduction Form: Dependent Care Account:** A pastor may elect to have money withheld from the salary to care for dependents. On the Clergy Compensation Form, this election is made in Section II: C.
- **Housing Allowance Resolution:** This is very important for tax purposes. Each year, the church needs to formally declare how much of the pastor's salary is for housing. This form can be used in making that declaration. The church council or a similar leadership body should approve the resolution. You will see this reflected on the Clergy Compensation Form in Section I: D and Section III.

WHERE DO I SEND EACH FORM?

Send the UMPIP Billing Change Form to the Benefits Office of the Dakotas Conference (PO Box 460, Mitchell, SD 57301). All the other forms should be kept at the local church. You may need these forms for audit purposes to provide evidence that you are withholding and reporting correctly.

What is this Bill From the General Board of Pension?

In order for a pastor to receive full pension credit, they need to make personal contributions to their Personal Investment Plan (UMPIP). If your pastor has made this election, you will receive a monthly bill from the General Board of Pension. On the Clergy Compensation Form, this election is made in Section II: D or E. You should be deducting the money to pay this bill from your pastor's pay check. If the amount of the bill is incorrect, you need to contact Leana Stunes (Conference Benefits Officer) right away at (605)996-6552 or leana.stunes@dakotasumc.org.

Why can't this money be paid to the Dakota Conference with the UMPIP Paid by Parish?

Because this is an employee contribution that is deducted from the pastor's salary, it can only be submitted by the employer to the General Board of Pension. This is an IRS regulation and effects whether or not a pastor may borrow against this money in the future.

About Proper & Improper Items to Reimburse

Throughout the year, pastors, treasurers, and Finance Committees ask about what expenses are proper to reimburse the pastor for. Below is some guidance:

Who owns items purchased through the pastor's Accountable Reimbursement Plan?

Technically it is the church although the only time this is usually an issue is when computer equipment is purchased. Normally the church doesn't want the pastor's books, clergy robes, etc that the pastor has been reimbursed for. If the pastor wants to take the laptop, iPad, etc, the pastor needs to reimburse the church at a fair price.

What items are proper or improper to reimburse? Below is a list we would like to share with you that may help:

PROPER	IMPROPER
Reasonable travel and related expenses for attending meetings (e.g., annual conferences, United Methodist meetings, etc.)	Mileage to church from home for daily work (considered personal) - Mileage to home and back to church for lunch break
Church-approved trips to preach at another church	Trips to funeral home where that pastor is personally paid an honorarium for service (may be deducted on a Schedule C)
Trips to meet with the district superintendent, bishop or director of connectional ministries	Vacations (including trip to Holy Land) - Books to plan vacation to Holy Land
Trips to visit members at hospitals, nursing homes or parishioner's homes	Trips to visit sick relative
Lunch meetings with officers of the church to discuss church business	Meals with friends at which church matters are discussed
Supplies for the church office (e.g., paper, pens, forms, notebooks, etc.)	Expenditures (e.g., travel, books, phone calls) to research a book or article
Church-related continuing education	Continuing education primarily for personal improvement
A computer required for church work	A computer used primarily by family
Vestments worn for worship	Everyday clothing, including business suits

About Proper & Improper Items to Reimburse


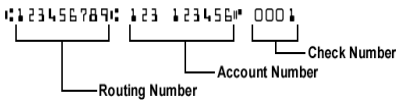
PROPER	IMPROPER
Church-related books and periodicals	Subscriptions to a national news magazine for the pastor's personal use
Office furnishings and equipment (e.g., desk, chairs, telephone, etc.)	Housing related expenses (e.g., utilities, furniture, upkeep (part of housing allowance) except the extent they may relate to an office
Spouse's travel expenses where the spouse accompanies the pastor but only if the spouse was required by the church to be present for a business purpose (e.g., spouse is making presentation, is an annual conference delegate, or is responsible for registration or similar duties at the event.	Spouse's travel under most circumstances
Business-related automobile operating expenses (if standard mileage rate was not used)	Tickets to attend the play "Joseph and His Amazing Technicolor Dream Coat"
Long distance telephone calls to church when on vacation	Charitable contributions, tickets to charity functions
Church-related telephone calls from the parsonage (most telephone expenses are covered under the housing allowance)	Alcohol, even as an item on a receipt for a business meal
Many business related (non-personal) expenses allowable on Schedule C of the IRS tax return	Expenditures related to a private business or generating income from a non-church source
	Medical expenses (may be part of a cafeteria or flexible spending accountable reimbursement policy)
	Child care/dependent expenses (may be part of a cafeteria or flexible spending reimbursement plan)
	Life or disability insurance premiums
	Medical insurance premiums (may be part of a cafeteria or flexible spending plan)

APPENDIX

Electronic Payment Option

The Finance Office offers the option for churches to electronically pay apportionments and remit payroll withholdings for Pastor's Share of Health Insurance, MRA, and DCA. We use Vanco Services to securely process payments. Vanco Services has a long relationship with the United Methodist Church and is a valued partner in ministry.

You can make regular electronic payments by filling out this form and returning it to the address at the bottom. If you have questions/concerns, please contact the Finance Office at (605)996-6552 or email us at sharon.blumer@dakotasumc.org

 Dakotas Conference		Authorization Form		12325541932	
FOR OFFICE USE ONLY		CHURCH #	DATE		
Type of Authorization Form: <input type="checkbox"/> New authorization <input type="checkbox"/> Change banking information <input type="checkbox"/> Change payment amount <input type="checkbox"/> Discontinue electronic payment <input type="checkbox"/> Change payment date					
Church Name					
Address					
City		State	Zip		
Contact Name		Email	Phone		
Date of First Payment: ____ / ____ / ____		Frequency of Payments: <input type="checkbox"/> Semi-Monthly – 15 th and 26 th <input type="checkbox"/> Monthly on the 26 th		Fund designations and amounts:	
Special Instructions: _____ _____ _____		<input type="checkbox"/> Fund 1: Apportionments (16%) \$ _____		<input type="checkbox"/> Fund 3: Pension Direct Bill \$ _____	
		<input type="checkbox"/> Fund 4: HealthFlex Direct Bill \$ _____		<input type="checkbox"/> Fund 7: UMPIP Paid by Parish \$ _____	
		<input type="checkbox"/> Fund 20: HealthFlex Pastor Share \$ _____		<input type="checkbox"/> Fund 25: Pastor's MRA \$ _____	
		<input type="checkbox"/> Fund 30: Pastor's DCA \$ _____		<input type="checkbox"/> _____ \$ _____	
		Total		\$ _____	
		CHECKING / SAVINGS		Please debit my payment from my (check one):	
<input type="checkbox"/> Savings Account (contact your financial institution for Routing #)					
<input type="checkbox"/> Checking Account (attach a voided check)					
		Routing Number: _____ <i>Valid Routing # must start with 0, 1, 2, or 3</i>			
		Account Number: _____ 			
I authorize the above church and Vanco Services, LLC to process debit entries to my account. I understand that this authority will remain in effect until I provide reasonable notification to terminate the authorization.					
Authorized Signature: _____				Date: _____	

Please return this form to the Finance Office for processing:
 Dakotas Conference | PO Box 460 | Mitchell, SD 57301-0460

DAKOTAS CONFERENCE

PO Box 460, Mitchell, SD 57301 | Phone: (605)996-6552 | Email: joann.schlimgen@dakotasumc.org

Remittance Form

Church Number	Sender's Name	
Church Name	Sender's Daytime Phone or Email <i>(used if we have a question)</i>	
Period Reporting	<input type="checkbox"/> Sign me up for email statements.	<input type="checkbox"/> Sign me up for paper statements.

<p><u>Calculate Operating Income</u></p> <p>Tithes, Gifts, Offerings (Unrestricted) _____</p> <p>Interest & Dividends + _____</p> <p>Sale of Church Assets + _____</p> <p>Building Use & Rental Fees + _____</p> <p>Fundraisers & Other Sources + _____</p> <p>Operating Income = _____</p>	<p>.....</p>	<p><u>Calculate Apportionment</u> (Fund 001)</p> <p>Operating Income _____</p> <p>Multiply by 16% x _____ 16%</p> <p>Apportionment = _____</p> <p>United Parish Adj x _____ %</p> <p>Adj Apportionment = _____</p>
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<u>Withholding from Pastor's Salary & Parish Direct Bills for Benefits</u>				
Pension Direct Bill	003	\$ _____	}	Parish Direct Bills
HealthFlex Direct Bill	004	\$ _____		
UMPIP Paid by Parish	007	\$ _____		
HealthFlex - Pastor's Share	020/021	\$ _____	}	Salary Withholdings
Medical Reimbursement Account (MRA)	025/026	\$ _____		
Dependent Care Account (DCA)	030/031	\$ _____		

<u>Special Offerings and Advance Specials</u>			
(Be sure to include the Fund Number from the Conference Fund Listing and GBGM Project Numbers where applicable)			
Description	Fund #	Amount	Project #
_____	_____	\$ _____	_____
_____	_____	\$ _____	_____
_____	_____	\$ _____	_____
_____	_____	\$ _____	_____
_____	_____	\$ _____	_____
_____	_____	\$ _____	_____
_____	_____	\$ _____	_____
_____	_____	\$ _____	_____
_____	_____	\$ _____	_____
_____	_____	\$ _____	_____

TOTAL REMITTANCE \$ _____ Check # _____

Make checks payable to **Dakotas Conference**

Please include a copy of this Remittance Form with your check to the Dakotas Conference.
Send to **Dakotas Conference**, PO Box 460, Mitchell, SD 57301

Fund Listing & Guide for Operating Income

If you have any questions or need to change where your statement is sent, please call the Finance Office at (605)996-6552 and ask for JoAnn, Leana, Sharon, or Jeff or email us at: joann.schlimgen@dakotasumc.org | leana.stunes@dakotasumc.org | sharon.blumer@dakotasumc.org | jeff.pospisil@dakotasumc.org
You can also find more info/resources on the Finance & Benefits section of www.dakotasumc.org

What to Include or Exclude from Income?

Tithes, Gifts, & Offerings (Unrestricted) - **INCLUDE:** Undesignated gifts of cash or checks (primarily the regular Sunday offering); gifts that are designated for something in the budget (e.g. gift designated for church utilities). **EXCLUDE:** Designated gifts or offerings such as Special Sundays or offerings for a local mission project; Reimbursements received from other churches/individuals; Bequests; Memorial Gifts; Endowment distributions received; Income from Grants.

Interest & Dividends - **INCLUDE:** Only interest & dividends earned from investing operating funds. **EXCLUDE:** Investment earnings on designated funds, funds held by the church's foundation, and funds from a bequest.

Sale of Church Assets - **INCLUDE:** Only the net proceeds of the sale where the proceeds support the operating budget. This is pretty rare as sales of capital assets are restricted automatically.

Fundraisers & Other Sources - **INCLUDE:** Only the net proceeds of fundraisers where the proceeds support the operating budget. (e.g. A church holds an annual turkey dinner to support their operating budget. The amount raised less the cost of holding the dinner should be included.) **EXCLUDE:** Fundraisers that support special projects, capital/debt campaigns, or other designated causes.

Conference Fund Listing (Complete list is at www.dakotasumc.org)

Special Sundays

520/525 - Youth Service Fund
530 - One Great Hour of Sharing
540 - World Communion Sunday
550 - UM Student Day
560 - Human Relations Sunday
570/575 - Native American Awareness
580/585 - Peace with Justice Sunday
592 - Global Aids Awareness Sunday
593 - Thanksgiving Offering

Haiti Solar Ovens Project

637 - General Support
654 - Church VIM
661 - Salary Support

Children of the Harvest

638 - Sidewalk Sondag School
639 - Children Of The Harvest
640 - Bdecan Kitchen/Pantry
664 - Shoebox Christmas
677 - Spirit Lake Work Team-Ch/Indiv

Camps

715 - Storm Mountain Capital
723 - Lake Poinsett Capital
726 - Wesley Acres Capital
732 - Camps Scholarships

Dakotas Ministries

702 - Builders Club
656 - Dakotas Disaster Recovery
728 - Blessed to be a Blessing
708 - Shipping Kits
710 - Dakota Marketplace
712 - Dakotas Hunger Projects
601 - Abbott House - Mitchell
604 - Flandreau Indian School Chaplaincy
605 - Hope Center - Rapid City
610 - Open Door Comm. Center - Bismarck
612 - Southeast Pierre Community Center
616 - Ruth Meiers Hospitality House - Bismarck
678 - Tree Of Life - Mission, SD
746 - Bakken Oil Rush Ministry

Global Ministries

200 - UMCOR - Undesignated
244 - Haiti School Hot Lunch Program
214 - Church World Service - Blanket
216 - Church World Service - Kits/Layettes
250 - Heifer Project - Animals
270 - World Hunger and Poverty
358 - Gordon & Ardell Graner - Salary Support
369 - Terence & Evelyn Erbele - Salary Support
455 - Global AIDS Fund
330 - Africa University
377 - Imagine No Malaria

Dakotas Conference Fund List

Revised 2/24/14

Fund #	General Advance Specials	Project #	Fund #	Special Day Offerings
339	BARTE-BEVERLY (SALARY)	13984Z	520	YOUTH SERV FUND 30%
340	BARTE-EMMANUEL (SALARY)	13985Z	525	YOUTH SERV FUND 70%
214	CWS-BLANKETS/KITS/TOOLS	982810	530	ONE GRT HR OF SHARING
222	CROP	982380	540	WRLD COMM SUNDAY
228	DISASTER RESPONSE INTL.	982450	550	UNITED METHODIST STUDENT DAY
224	DISASTER RESPONSE USA	901670	560	HUMAN RELATIONS SUNDAY
368	ERBELE-EVELYN (SALARY)	10832Z	570	NAT AM AWARENESS GCFA
369	ERBELE-TERENCE (SALARY)	10831Z	575	NAT AM AWARENESS CONF.
455	GLOBAL HIV/AIDS	982345	580	PEACE/JUSTICE GCFA
358	GRANER-GORDON (SALARY)	10835Z	585	PEACE/JUSTICE CONF.
364	GRANER-ARDELL (SALARY)	10836Z	592	GLOBAL AIDS AWARENESS SUNDAY
244	HAITI SCHOOL HOT LUNCH PROGRAM	418790	593	THANKSGIVING OFFERING
245	HAITI SOLAR OVENS PROGRAM	418812		
250	HEIFER PROJECT-ANIMALS	982532		Children of the Harvest
379	HURRICANES	3021787	638	SIDEWALK SONDAY SCHOOL
377	IMAGINE NO MALARIA	3021190	639	CHILDREN OF THE HARVEST
324	LAOS MISSION INITIATIVE	14927A	640	SPIRIT LAKE FOOD PANTRY
381	LAOS SEED PROJECT	3020462	658	COMMUNITY CHILD. FUND
382	LAOS WOMEN CHILD & YOUTH MIN.	3020470	663	CHILDREN OF THE HARVEST SALARY
343	MEFOR, EMMANUEL (SALARY)	13990Z	664	SHOEBOX CHRISTMAS
284	NOTHING BUT NET (MOSQUITO NET)	982015	677	SPIRIT LAKE WORK TEAM-CH/INDIV
296	OKLAHOMA NATIVE AMER.CHILDREN	583581	683	SPIRIT LAKE CAPITAL IMPROVEMES
350	STRENGTH.REESTAB.CH.-LITHUANIA	12168A		
385	THAILAND MISSION INITIATIVE	00403A		Haiti Solar Ovens
200	UMCOR UNDESIGNATED	999895	636	HAITI SOLAR OVENS-JOSEPH ITIN.
384	VIETNAM MISSION INITIATIVE	14932A	637	SOLAR OVENS-HAITI
270	WORLD HUNGER/POVERTY	982920	654	LOCAL CH. VIM-HAITI SOLAR OVEN
			659	HAITI MEDICAL FUND
	Conference Mission Projects		661	SOLAR OVEN SALARY
601	ABBOTT HOUSE		662	SOLAR OVEN TRUCK
604	FLANDREAU IND SCH. CHAPLAINCY		670	HSOP ASSOCIATE DIRECTOR SALARY
605	HOPE CENTER-RAPID CITY			
606	MCCOOK LAKE UMC SD			Camps
610	OPEN DOOR COMM.CTR-BISMARCK		715	SMC-CAPITAL (UNDESIG.)
612	PIERRE AREA COMMUNITY MIN.		722	SMC-OPERATIONAL GIFTS
613	SE PIERRE UMC		723	LPC-CAPITAL
616	R. MEIER HOSP HOUSE-BISMARCK		724	LWRC-CAPITAL
678	TREE OF LIFE (CONFERENCE)		725	LPC/LWRC OPERATIONAL GIFTS
706	RON OLSON FAMILY		726	WAC-CAPITAL
746	OIL RUSH MINISTRY (BAKKEN)		734	WAC-OPERATIONAL GIFTS
			732	GENERAL CAMPS SCHOLARSHIPS
	Miscellaneous			
702	BUILDER'S CLUB			
709	MISSION IN MOTION			
710	DAKOTA MARKETPLACE			
712	DAKOTAS HUNGER PROJECTS			
673	2013 BLIZZARD			
656	DAKOTAS DISASTERS			

DAKOTAS ANNUAL CONFERENCE

2014 CLERGY COMPENSATION FORM

Parish:		Pastor:	
Cell #:		Email:	
Effective Date:		Status:	

Minimum Compensation: Full Connection - \$37,761; Less than Full Connection - \$36,018

SECTION I: INCOME

Percent paid by each congregation in the parish:

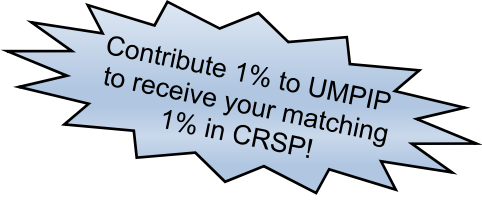
	Church #1	Church #2	Church #3	Church #4
			2013	2014
A. Base Salary	_____	_____	_____	_____
B. Other (e.g. social security allowance)	_____	_____	_____	_____
Describe:				
C. Total Compensation (Add lines A and B)	_____	_____	_____	_____
D. Housing Exclusion/Allowance Designation	_____	_____	_____	_____

SECTION II: SALARY REDUCTIONS

(The amounts listed in this section must be withheld from the pastor's Base Salary and remitted monthly. These are subject to a salary reduction agreement.)

	2013	2014
REMIT TO: DAKOTAS CONFERENCE PO BOX 460 MITCHELL, SD 57301		
A. HealthFlex Pastor's Share (Tax Exempt)	_____	_____
B. Medical Reimbursement Account (Tax Exempt)	_____	_____
C. Dependent Care Account (Tax Exempt)	_____	_____

REMIT TO:	GENERAL BOARD OF PENSION PO BOX 5184 CAROL STREAM, IL 60197-5184
------------------	------------------------------------------------------------------------



D. Pastor's Contribution to UMPIP (Pastor's Personal Investment Plan) (Before-Tax/Tax Deferred)	_____	_____
E. Pastor's Contribution to UMPIP (After-Tax/ Taxable).	_____	_____

Parsonage: Total Compensation (Section I Line C) X 125% X 1%
No Parsonage: (Total Compensation (Section I Line C) + Cash Allowance (Section III)) X 1%

DAKOTAS ANNUAL CONFERENCE

2014 CLERGY COMPENSATION FORM

SECTION III: HOUSING

Is a Parsonage provided?

	2013	2014
Amount of Cash Allowance (when a parsonage is not provided)		

SECTION IV: LOCAL PARISH EXPENSES

	2013	2014
A. Parish's Contribution to UMPIP (paid to Conference) .		
B. Direct Bill for HealthFlex (paid to Conference)		
C. Direct Bill for Pension (paid to Conference; See worksheet in instructions to calculate 2014 amount).....		
D. Parsonage Utilities		
E. Accountable Reimbursement Plan (mileage reimbursed at IRS rate; commuting miles not reimbursable)		
F. Other Expenses Paid by Parish		
Describe:		
G. Total Expenses Paid by Parish (Add lines A – F)		

SECTION V: SIGNATURES

_____ **PASTOR** _____ **Date**

_____ **PASTOR/STAFF/PARISH CHAIRPERSON** _____ **Date**

_____ **DISTRICT SUPERINTENDENT or PRESIDING ELDER** _____ **Date**

<i>Church/Parish Treasurer's Contact Info</i>			
Name		Primary Phone	
Address		Secondary Phone	
City, State, Zip		Email	

Submit a copy of this form to the Church/Parish Treasurer(s)

Form W-4 (2014)

Purpose. Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay. Consider completing a new Form W-4 each year and when your personal or financial situation changes.

Exemption from withholding. If you are exempt, complete **only** lines 1, 2, 3, 4, and 7 and sign the form to validate it. Your exemption for 2014 expires February 17, 2015. See Pub. 505, Tax Withholding and Estimated Tax.

Note. If another person can claim you as a dependent on his or her tax return, you cannot claim exemption from withholding if your income exceeds \$1,000 and includes more than \$350 of unearned income (for example, interest and dividends).

Exceptions. An employee may be able to claim exemption from withholding even if the employee is a dependent, if the employee:

- Is age 65 or older,
- Is blind, or
- Will claim adjustments to income; tax credits; or itemized deductions, on his or her tax return.

The exceptions do not apply to supplemental wages greater than \$1,000,000.

Basic instructions. If you are not exempt, complete the **Personal Allowances Worksheet** below. The worksheets on page 2 further adjust your withholding allowances based on itemized deductions, certain credits, adjustments to income, or two-earners/multiple jobs situations.

Complete all worksheets that apply. However, you may claim fewer (or zero) allowances. For regular wages, withholding must be based on allowances you claimed and may not be a flat amount or percentage of wages.

Head of household. Generally, you can claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals. See Pub. 501, Exemptions, Standard Deduction, and Filing Information, for information.

Tax credits. You can take projected tax credits into account in figuring your allowable number of withholding allowances. Credits for child or dependent care expenses and the child tax credit may be claimed using the **Personal Allowances Worksheet** below. See Pub. 505 for information on converting your other credits into withholding allowances.

Nonwage income. If you have a large amount of nonwage income, such as interest or dividends, consider making estimated tax payments using Form 1040-ES, Estimated Tax for Individuals. Otherwise, you may owe additional tax. If you have pension or annuity income, see Pub. 505 to find out if you should adjust your withholding on Form W-4 or W-4P.

Two earners or multiple jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. Your withholding usually will be most accurate when all allowances are claimed on the Form W-4 for the highest paying job and zero allowances are claimed on the others. See Pub. 505 for details.

Nonresident alien. If you are a nonresident alien, see Notice 1392, Supplemental Form W-4 Instructions for Nonresident Aliens, before completing this form.

Check your withholding. After your Form W-4 takes effect, use Pub. 505 to see how the amount you are having withheld compares to your projected total tax for 2014. See Pub. 505, especially if your earnings exceed \$130,000 (Single) or \$180,000 (Married).

Future developments. Information about any future developments affecting Form W-4 (such as legislation enacted after we release it) will be posted at www.irs.gov/w4.

Personal Allowances Worksheet (Keep for your records.)

A	Enter "1" for yourself if no one else can claim you as a dependent	A	<u> </u>
B	Enter "1" if: { <ul style="list-style-type: none"> • You are single and have only one job; or • You are married, have only one job, and your spouse does not work; or • Your wages from a second job or your spouse's wages (or the total of both) are \$1,500 or less. }	B	<u> </u>
C	Enter "1" for your spouse . But, you may choose to enter "-0-" if you are married and have either a working spouse or more than one job. (Entering "-0-" may help you avoid having too little tax withheld.)	C	<u> </u>
D	Enter number of dependents (other than your spouse or yourself) you will claim on your tax return	D	<u> </u>
E	Enter "1" if you will file as head of household on your tax return (see conditions under Head of household above)	E	<u> </u>
F	Enter "1" if you have at least \$2,000 of child or dependent care expenses for which you plan to claim a credit (Note. Do not include child support payments. See Pub. 503, Child and Dependent Care Expenses, for details.)	F	<u> </u>
G	Child Tax Credit (including additional child tax credit). See Pub. 972, Child Tax Credit, for more information. • If your total income will be less than \$65,000 (\$95,000 if married), enter "2" for each eligible child; then less "1" if you have three to six eligible children or less "2" if you have seven or more eligible children. • If your total income will be between \$65,000 and \$84,000 (\$95,000 and \$119,000 if married), enter "1" for each eligible child	G	<u> </u>
H	Add lines A through G and enter total here. (Note. This may be different from the number of exemptions you claim on your tax return.) ▶	H	<u> </u>

For accuracy, **complete all worksheets that apply.** {

- If you plan to **itemize** or **claim adjustments to income** and want to reduce your withholding, see the **Deductions and Adjustments Worksheet** on page 2.
- If you are **single and have more than one job** or are **married and you and your spouse both work** and the combined earnings from all jobs exceed \$50,000 (\$20,000 if married), see the **Two-Earners/Multiple Jobs Worksheet** on page 2 to avoid having too little tax withheld.
- If **neither** of the above situations applies, **stop here** and enter the number from line H on line 5 of Form W-4 below.

----- Separate here and give Form W-4 to your employer. Keep the top part for your records. -----

Form W-4 Department of the Treasury Internal Revenue Service	<h2 style="margin: 0;">Employee's Withholding Allowance Certificate</h2> <p style="margin: 0;">▶ Whether you are entitled to claim a certain number of allowances or exemption from withholding is subject to review by the IRS. Your employer may be required to send a copy of this form to the IRS.</p>	OMB No. 1545-0074 2014
1 Your first name and middle initial	Last name	2 Your social security number
Home address (number and street or rural route)		3 <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Married, but withhold at higher Single rate. Note. If married, but legally separated, or spouse is a nonresident alien, check the "Single" box.
City or town, state, and ZIP code		4 If your last name differs from that shown on your social security card, check here. You must call 1-800-772-1213 for a replacement card. ▶ <input type="checkbox"/>
5 Total number of allowances you are claiming (from line H above or from the applicable worksheet on page 2)	5	
6 Additional amount, if any, you want withheld from each paycheck	6	\$
7 I claim exemption from withholding for 2014, and I certify that I meet both of the following conditions for exemption. • Last year I had a right to a refund of all federal income tax withheld because I had no tax liability, and • This year I expect a refund of all federal income tax withheld because I expect to have no tax liability. If you meet both conditions, write "Exempt" here ▶		7
Under penalties of perjury, I declare that I have examined this certificate and, to the best of my knowledge and belief, it is true, correct, and complete.		
Employee's signature (This form is not valid unless you sign it.) ▶		Date ▶
8 Employer's name and address (Employer: Complete lines 8 and 10 only if sending to the IRS.)	9 Office code (optional)	10 Employer identification number (EIN) 29

Deductions and Adjustments Worksheet

Note. Use this worksheet *only* if you plan to itemize deductions or claim certain credits or adjustments to income.

1	Enter an estimate of your 2014 itemized deductions. These include qualifying home mortgage interest, charitable contributions, state and local taxes, medical expenses in excess of 10% (7.5% if either you or your spouse was born before January 2, 1950) of your income, and miscellaneous deductions. For 2014, you may have to reduce your itemized deductions if your income is over \$305,050 and you are married filing jointly or are a qualifying widow(er); \$279,650 if you are head of household; \$254,200 if you are single and not head of household or a qualifying widow(er); or \$152,525 if you are married filing separately. See Pub. 505 for details	1	\$ _____
2	Enter: $\left\{ \begin{array}{l} \$12,400 \text{ if married filing jointly or qualifying widow(er)} \\ \$9,100 \text{ if head of household} \\ \$6,200 \text{ if single or married filing separately} \end{array} \right\}$	2	\$ _____
3	Subtract line 2 from line 1. If zero or less, enter “-0-”	3	\$ _____
4	Enter an estimate of your 2014 adjustments to income and any additional standard deduction (see Pub. 505)	4	\$ _____
5	Add lines 3 and 4 and enter the total. (Include any amount for credits from the <i>Converting Credits to Withholding Allowances for 2014 Form W-4</i> worksheet in Pub. 505.)	5	\$ _____
6	Enter an estimate of your 2014 nonwage income (such as dividends or interest)	6	\$ _____
7	Subtract line 6 from line 5. If zero or less, enter “-0-”	7	\$ _____
8	Divide the amount on line 7 by \$3,950 and enter the result here. Drop any fraction	8	_____
9	Enter the number from the Personal Allowances Worksheet , line H, page 1	9	_____
10	Add lines 8 and 9 and enter the total here. If you plan to use the Two-Earners/Multiple Jobs Worksheet , also enter this total on line 1 below. Otherwise, stop here and enter this total on Form W-4, line 5, page 1	10	_____

Two-Earners/Multiple Jobs Worksheet (See *Two earners or multiple jobs* on page 1.)

Note. Use this worksheet *only* if the instructions under line H on page 1 direct you here.

1	Enter the number from line H, page 1 (or from line 10 above if you used the Deductions and Adjustments Worksheet)	1	_____
2	Find the number in Table 1 below that applies to the LOWEST paying job and enter it here. However , if you are married filing jointly and wages from the highest paying job are \$65,000 or less, do not enter more than “3”	2	_____
3	If line 1 is more than or equal to line 2, subtract line 2 from line 1. Enter the result here (if zero, enter “-0-”) and on Form W-4, line 5, page 1. Do not use the rest of this worksheet	3	_____
Note. If line 1 is less than line 2, enter “-0-” on Form W-4, line 5, page 1. Complete lines 4 through 9 below to figure the additional withholding amount necessary to avoid a year-end tax bill.			
4	Enter the number from line 2 of this worksheet	4	_____
5	Enter the number from line 1 of this worksheet	5	_____
6	Subtract line 5 from line 4	6	_____
7	Find the amount in Table 2 below that applies to the HIGHEST paying job and enter it here	7	\$ _____
8	Multiply line 7 by line 6 and enter the result here. This is the additional annual withholding needed	8	\$ _____
9	Divide line 8 by the number of pay periods remaining in 2014. For example, divide by 25 if you are paid every two weeks and you complete this form on a date in January when there are 25 pay periods remaining in 2014. Enter the result here and on Form W-4, line 6, page 1. This is the additional amount to be withheld from each paycheck	9	\$ _____

Table 1

Table 2

Married Filing Jointly		All Others		Married Filing Jointly		All Others	
If wages from LOWEST paying job are—	Enter on line 2 above	If wages from LOWEST paying job are—	Enter on line 2 above	If wages from HIGHEST paying job are—	Enter on line 7 above	If wages from HIGHEST paying job are—	Enter on line 7 above
\$0 - \$6,000	0	\$0 - \$6,000	0	\$0 - \$74,000	\$590	\$0 - \$37,000	\$590
6,001 - 13,000	1	6,001 - 16,000	1	74,001 - 130,000	990	37,001 - 80,000	990
13,001 - 24,000	2	16,001 - 25,000	2	130,001 - 200,000	1,110	80,001 - 175,000	1,110
24,001 - 26,000	3	25,001 - 34,000	3	200,001 - 355,000	1,300	175,001 - 385,000	1,300
26,001 - 33,000	4	34,001 - 43,000	4	355,001 - 400,000	1,380	385,001 and over	1,560
33,001 - 43,000	5	43,001 - 70,000	5	400,001 and over	1,560		
43,001 - 49,000	6	70,001 - 85,000	6				
49,001 - 60,000	7	85,001 - 110,000	7				
60,001 - 75,000	8	110,001 - 125,000	8				
75,001 - 80,000	9	125,001 - 140,000	9				
80,001 - 100,000	10	140,001 and over	10				
100,001 - 115,000	11						
115,001 - 130,000	12						
130,001 - 140,000	13						
140,001 - 150,000	14						
150,001 and over	15						

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. Internal Revenue Code sections 3402(f)(2) and 6109 and their regulations require you to provide this information; your employer uses it to determine your federal income tax withholding. Failure to provide a properly completed form will result in your being treated as a single person who claims no withholding allowances; providing fraudulent information may subject you to penalties. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation; to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their tax laws; and to the Department of Health and Human Services for use in the National Directory of New Hires. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Code section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from you. See the instructions for your income tax return.



Billing Change Form

United Methodist Personal Investment Plan (UMPIP)

Instructions

- Complete all the information below for each employee making a change to his or her UMPIP before-tax or after-tax billing amount. Indicate a percentage or dollar amount for which the participant wants to be billed. Participants can make before-tax or after-tax contributions, or a combination of both. If you wish to discontinue billing, write in "0" next to before-tax or after-tax.
- To make before-tax or after-tax contributions, the employee and salary-paying unit must complete a *Before-tax and After-tax Contributions Agreement* or *Before-tax and After-tax Contributions Agreement/Automatic Enrollment Notice*. This form should remain at the church and not sent in.
- **Please mail this Billing Change Form to the Dakotas Conference at PO Box 460, Mitchell, SD 57301 or fax it to (605)996-0827.**

Name of employer/salary-paying unit _____ Employer # _____

Address of employer/salary-paying unit _____

Primary phone # (____) _____

Signature of Authorized Representative _____ Date _____

<p>Name _____</p> <p>Social Security # _____</p> <p>Effective date _____</p> <p>Indicate the amount you want to be billed monthly. If you wish to discontinue billing, indicate "0." Choose one or both:</p> <p><input type="checkbox"/> Before-tax (indicate % rate or \$ amount): _____</p> <p><input type="checkbox"/> After-tax (indicate % rate or \$ amount): _____</p>	<p>Name _____</p> <p>Social Security # _____</p> <p>Effective date _____</p> <p>Indicate the amount you want to be billed monthly. If you wish to discontinue billing, indicate "0." Choose one or both:</p> <p><input type="checkbox"/> Before-tax (indicate % rate or \$ amount): _____</p> <p><input type="checkbox"/> After-tax (indicate % rate or \$ amount): _____</p>
<p>Name _____</p> <p>Social Security # _____</p> <p>Effective date _____</p> <p>Indicate the amount you want to be billed monthly. If you wish to discontinue billing, indicate "0." Choose one or both:</p> <p><input type="checkbox"/> Before-tax (indicate % rate or \$ amount): _____</p> <p><input type="checkbox"/> After-tax (indicate % rate or \$ amount): _____</p>	<p>Name _____</p> <p>Social Security # _____</p> <p>Effective date _____</p> <p>Indicate the amount you want to be billed monthly. If you wish to discontinue billing, indicate "0." Choose one or both:</p> <p><input type="checkbox"/> Before-tax (indicate % rate or \$ amount): _____</p> <p><input type="checkbox"/> After-tax (indicate % rate or \$ amount): _____</p>

Additional Information

- Participants have the responsibility to determine that contributions made on their behalf are within the limits specified by the Internal Revenue Code and regulations issued thereunder.
- Billing for the amounts listed above will continue until:
 - the participant is no longer employed by this employer;
 - the employer submits another *Billing Change Form* to the Dakotas Conference; or
 - the employer provides written notice to the Dakotas Conference that the before-tax and after-tax contribution agreement has been terminated or the billing amount has been changed.



Before-Tax and After-Tax Contributions Agreement

United Methodist Personal Investment Plan (UMPIP), Puerto Rico Personal Investment Plan (PRPIP)

Part I – Participant Information

Name _____ Social Security # _____

Mailing Address _____ Primary phone # (____) _____

_____ E-mail _____

Country of Citizenship _____

Part 2 – Before-Tax Participant Contributions

UMPIP

Your total before-tax contributions for the year cannot exceed the annual 402(g) elective deferral limit (\$17,500 for 2013). If you attain age 50 on or before December 31, you may make additional catch-up contributions (up to \$5,500 for 2013). If you have at least 15 years of service with all United Methodist-related organizations, you may make additional catch-up contributions. Call the General Board for further details.

Your total before-tax and after-tax contributions, plus any plan sponsor contributions, cannot exceed your compensation for the plan year or \$51,000 (for 2013), whichever is less. For this purpose, compensation does not include the value of any parsonage or housing allowance that is excluded from your taxable income.

PRPIP

Your total before-tax contributions for the year cannot exceed the annual deferral limit (\$15,000 for 2013). If you attain age 50 on or before December 31, you may make additional catch-up contributions (up to \$1,500 in 2013).

Your total before-tax and after-tax contributions cannot exceed your compensation for the plan year or \$49,000 (for 2013), whichever is less. For this purpose, compensation includes the value of any parsonage or housing allowance.

Indicate the dollar amount or percentage by which you elect to have your compensation reduced and contributed to UMPIP or PRPIP. For this purpose, compensation includes the value of any parsonage or housing allowance. Note that your compensation will be reduced before withholding taxes are calculated. At the time of distribution from UMPIP or PRPIP, your contributions and earnings are taxable.

- Percentage of compensation: _____ % of compensation
- Dollar amount: \$ _____ per month (enter any whole number, not to exceed your monthly compensation)
- I elect not to make before-tax contributions

Part 3 – After-Tax Participant Contributions

Your total before-tax and after-tax contributions, plus any plan sponsor contributions, cannot exceed your compensation for the plan year or \$51,000 (UMPIP) [or \$49,000 for PRPIP], whichever is less, for 2013. For this purpose, compensation does not include the value of any parsonage or housing allowance that is excluded from your taxable income*. After-tax contributions to PRPIP generally cannot exceed 10% of your compensation.

Indicate the dollar amount or percentage that you elect to have withheld from your compensation and contributed to UMPIP or PRPIP. For this purpose, compensation includes the value of any parsonage or housing allowance. Note that your compensation will be deducted after withholding taxes are calculated. At the time of distribution from UMPIP or PRPIP, your after-tax contributions are non-taxable and earnings thereon are taxable.

- Percentage of compensation: _____ % of compensation
- Dollar amount: \$ _____ per month (enter any whole number, not to exceed your monthly compensation)
- I elect not to make after-tax contributions

* For participants in PRPIP, compensation does include the value of any parsonage or housing allowance.

Part 4 – Participant Signature

You cannot withdraw contributions from UMPIP or PRPIP unless you have a financial hardship as defined under UMPIP or PRPIP, attain age 59½, are disabled as defined under UMPIP or PRPIP, retire, terminate employment and/or terminate your relationship with the annual conference.

This agreement will remain in effect with your current plan sponsor until you complete a new form.

Signature _____ Date _____

Part 5 – Acceptance by the Plan Sponsor/Salary-Paying Unit

Effective date of this contribution _____ 1, 20__.

This date must be the first day of the month on or after the participant signed this form.

Plan sponsor name _____ Employer # _____

Plan sponsor address _____ Phone # (____) _____

Authorized representative _____ Title _____

Authorized signature _____ Date _____

The employer/salary-paying unit should keep the original form for its payroll records.
Please mail a copy of this completed form to the General Board of Pension and Health Benefits at the address
on the first page of this form. Or you may fax it to **1-847-866-5195**.

**Salary Reduction Agreement
(For health insurance premium only)**

Participant Name _____

Name of Employer/Salary-Paying Unit _____

Purpose of this Agreement:

- This agreement is to set forth the terms of making **before-tax (salary reduction) contributions to the payment of health premiums owed by the participant** named above to the Dakotas Annual Conference of the United Methodist Church for HealthFlex, a health plan administered by the Dakotas Annual Conference of the United Methodist Church and the General Board of Pension and Health Benefits of the United Methodist Church. These contributions are defined in section 125 of the Internal Revenue Code.
- Such contributions do not appear in Box 1 of the W-2 to the participant.

Term of the Agreement:

- The term of this agreement shall end on December 31st of the current year, or the termination of the participant's employment with the employer/salary-paying unit, or the participant's death.

Agreement:

Beginning date of this agreement _____ (*specify month, day and year*).

The participant's annual compensation on the beginning date of this agreement shall be reduced by \$_____ **for the participants share of the health premium.**

This reduction in compensation will occur: _____ twice a month _____ monthly.

Acceptance by the Employer/Salary Paying Unit and the Participant

Employer/Salary Paying Unit Authorized Signature _____ Date _____

Participant Signature _____ Date _____

This form should be completed by the Pastor and church treasurer. When completed this form should be given to the church treasurer to keep for the church records.

This form should NOT be sent to the Conference Office or the General Board.

**Salary Reduction Agreement
(For HealthFlex elections – Medical Reimbursement Account)**

Participant Name _____

Name of Employer/Salary-Paying Unit _____

Purpose of this Agreement:

- This agreement is to set forth the terms of making **before-tax (salary reduction) contributions to the payment of HealthFlex elections made for a Medical Reimbursement Account (MRA) owed by the participant named above to the General Board of Pension and Health Benefits of the United Methodist Church.** HealthFlex is a health plan administered by the Dakotas Annual Conference of the United Methodist Church and the General Board of Pension and Health Benefits of the United Methodist Church. These contributions are defined in section 125 of the Internal Revenue Code.
- Such contributions do not appear in Box 1 of the W-2 to the participant.

Term of the Agreement:

- The term of this agreement shall end on December 31st of the current year, or the termination of the participant's employment with the employer/salary-paying unit, or the participant's death.

Agreement:

Beginning date of this agreement _____ (*specify month, day and year*).
(NOTE: This must be a date subsequent to the date on which this agreement is signed. This agreement will be in effect until a new agreement is in place.)

The participant's annual compensation on the beginning date of this agreement shall be reduced by \$_____ for a Medical Reimbursement Account (MRA).

This reduction in compensation will occur: _____ twice a month _____ monthly.

Acceptance by the Employer/Salary Paying Unit and the Participant

Employer/Salary Paying Unit Authorized Signature _____ Date _____

Participant Signature _____ Date _____

When completed this form should be given to the church treasurer to keep for their records.

Clergy should NOT send this form to the General Board or Conference Office.

Conference Lay Employees should give this form to JoAnn in the Finance Office.

**Salary Reduction Agreement
(For HealthFlex elections – Dependent Care Account)**

Participant Name _____

Name of Employer/Salary-Paying Unit _____

Purpose of this Agreement:

- This agreement is to set forth the terms of making **before-tax (salary reduction) contributions to the payment of HealthFlex elections made for a Dependent Care Account owed by the participant named above to the General Board of Pension and Health Benefits of the United Methodist Church.** HealthFlex is a health plan administered by the Dakotas Annual Conference of the United Methodist Church and the General Board of Pension and Health Benefits of the United Methodist Church. These contributions are defined in section 125 of the Internal Revenue Code.
- Such contributions do not appear in Box 1 of the W-2 to the participant.

Term of the Agreement:

- The term of this agreement shall end on December 31st of the current year, or the termination of the participant's employment with the employer/salary-paying unit, or the participant's death.

Agreement:

Beginning date of this agreement _____ (*specify month, day and year*).
(NOTE: This must be a date subsequent to the date on which this agreement is signed. This agreement will be in effect until a new agreement is in place.)

The participant's annual compensation on the beginning date of this agreement shall be reduced by \$_____.

This reduction in compensation will occur: _____ twice a month _____ monthly.

Acceptance by the Employer/Salary Paying Unit and the Participant

Employer/Salary Paying Unit Authorized Signature _____ Date _____

Participant Signature _____ Date _____

When completed this form should be given to the church treasurer to keep for their records.

Clergy should NOT send this form to the General Board or Conference Office.

Conference Lay Employees should give this form to JoAnn in the Finance Office.

HOUSING EXCLUSION RESOLUTION

*** For a Pastor who IS living in a church-provided parsonage ***

(To be inserted in the minutes of the meeting)

The chairperson informed the meeting that under the tax law, a minister of the gospel is allowed to exclude from gross income: (1) the rental value of a home furnished to him or her as part of his or her compensation; and/or (2) a housing allowance paid to him or her as part of his or her compensation, to the extent used by him or her to rent or provide a home and to the extent such allowance does not exceed the fair rental value of the home, including furnishings and appurtenances such as a garage, plus the cost of utilities.

Name of Church/Charge: _____

Date Resolution Approved: _____

Pastor Name: _____

Amount of Housing Exclusion: _____

Calendar Year Resolution Applies to: _____

On the date above, the Charge/Church Conference discussed the amount of the pastor's housing exclusion. A motion was duly made and seconded to adopt the following resolution:

Of the pastor's base salary as reported in Section I:A of the Clergy Compensation Form, the above amount shall be designated as Housing Exclusion pursuant to §107 of the Internal Revenue Code. This designation shall apply to calendar year noted above and all future years unless otherwise provided.

The pastor shall have also rent-free use of the home located at _____, North/South Dakota for the calendar year noted above and for every year thereafter so long as he/she is minister of this church/charge unless otherwise provided.

This housing allowance and rent-free use of a home shall be so designated in the official church records.

HOUSING EXCLUSION/ALLOWANCE RESOLUTION

*** For a Pastor who is NOT living in a church-provided parsonage ***

(To be inserted in the minutes of the meeting)

The chairperson informed the meeting that under the tax law, a minister of the gospel is allowed to exclude from gross income: (1) the rental value of a home furnished to him or her as part of his or her compensation; and/or (2) a housing allowance paid to him or her as part of his or her compensation, to the extent used by him or her to rent or provide a home and to the extent such allowance does not exceed the fair rental value of the home, including furnishings and appurtenances such as a garage, plus the cost of utilities.

Name of Church/Charge: _____

Date Resolution Approved: _____

Pastor Name: _____

Amount of Housing Exclusion: _____

Amount of Cash Housing Allowance: _____

Calendar Year Resolution Applies to: _____

On the date above, the Charge/Church Conference discussed the amount of the pastor's housing exclusion. A motion was duly made and seconded to adopt the following resolution:

Of the pastor's base salary as reported in Section I:A of the Clergy Compensation Form, the above amount shall be designated as Housing Exclusion pursuant to §107 of the Internal Revenue Code. This designation shall apply to calendar year noted above and all future years unless otherwise provided.

In addition, instead of receiving a church-provided parsonage in which to live, the pastor shall receive an additional Cash Housing Allowance in the amount noted above for the applicable calendar year pursuant to §107 of the Internal Revenue Code. This designation of additional Cash Housing Allowance shall apply to calendar year noted above and all future years unless otherwise provided.

The Housing Exclusion and Cash Housing Allowance shall be so designated in the official church records.

Places to Find Information About General Questions

There are a lot of resources available to church treasurers if you know where to look. Here is a listing of the resources that I have found useful:

FREE ONLINE RESOURCES

- **<http://www.dakotasumc.org> – Dakotas Conference website**
 - Under “Finance & Benefits”, you will find:
 - Contact Information: Email, mail, or phone
 - Apportionments & Billings: Church statements, Make a Payment, Remittance Forms, and additional information/resources on apportionments
 - Finance Office: Stewardship/Treasurer Resources and Finance Forms
 - Benefits Office: Information and updates about pension & health benefits plus the relate Forms
 - Statistician: Statistical Forms, the Statistical Database, and a link to the online reporting system
- **<http://dac.umconline.org> – Online Statements**
 - View, Print, or Download Statements
 - Make secure online payments
 - Another place for treasurer resources
- **<http://www.gcfa.org> – General Council on Finance & Administration**
 - On the right side, there are some links that are important. Here are the most commonly used of those links:
 - Group Ruling Request Form – Used to prove your church is a 501(c)(3) charity
 - Electronic Giving-EFT Program – Helps churches get setup to accept electronic donations
 - Tax Packet – A lot of good info and examples to help churches with tax-related questions
 - In the upper left, there is a link to “Forms/Resources.” Then choose “Resources.” Here you will find the GCFA Legal Manual and some other excellent resources on difficult church subjects.
- **<http://new.gbqm-umc.org/Advance> - The Advance**
 - You can find more info about giving to denominational ministries. In the menu at the top, go to **How to Give >> Give Online Now** to find out the project numbers for specific ministries of the denomination that your church wants to support.
- **<http://www.irs.gov> – Internal Revenue Service**
 - Here you will find the various tax forms and their instructions
 - Find tax guidance specifically for churches. The IRS produces a Tax Guide for Churches. Another good one is the Circular E (Publication 15) which helps with payroll withholdings.

Places to Find Information About General Questions

PRINT RESOURCES OR DOWNLOADABLE FOR A PRICE

- **Church & Clergy Tax Guide by Richard Hammar**
 - This is one of the most respected tax guides for churches. It is very comprehensive. It costs about \$40 and is updated annually.
- **Book of Discipline** (Available at <http://www.cokesbury.com>)
 - This is the rules for being a United Methodist church. It can provide some valuable guidance especially for those legal things like buying and selling property.
 - There is a free online version which is fine if you rarely use this. They also have a downloadable version (about \$15) and a print version (about \$20).
 - This is published every four years. The current version is the 2012 version.
- **Dakotas Conference Journal**
 - Contains a lot of policies and reports specific to Dakotas Conference churches.
 - Call Sharon Blumer at (605)996-6552 to order a copy for about \$20.
 - You can also download it from our website for free at <http://www.dakotasumc.org>. It is under the “About Us” section.