

## SETTING THE CLERGY COMPENSATION FOR 2010 Information on Medical Insurance Information on the Clergy Retirement Security Program (CRSP)

***This form is for budgeting purposes only. The church does not need to provide the District Office with a copy of this form.*** Salary is what your clergy is paid for his/her work/ministry among you. It is not to include any professional expenses such as travel, continuing education, books, subscriptions or the like. Minimum salaries are recorded below. How much is enough? Consult the 2009 Journal for information on salaries paid by churches of similar size and circumstance. Remember that these salaries are a year old. If possible, a raise at least equal to the amount of inflation should be given. Not to do so is in effect a pay cut. The Staff Parish Relations Committee should prayerfully consider a fair compensation related to your clergy's ministry responsibilities.

### Minimum Salaries

Equitable Salary (Minimum Salary) amounts adopted by the recent Annual Conference are as follows:

MINIMUM	2009	2010
Ministers in full connection	\$36,750	\$37,800
Probationary Members	\$34,650	\$35,700
Associate Members	\$33,600	\$34,600
Local Pastor with M. Div. or five years of Course of Study	\$32,550	\$33,500
Local Pastor with less than five years of Course of Study	\$32,025	\$32,700

Churches currently at Minimum Salary level are expected to raise their salary at least to these new levels. Churches currently on Equitable Salary are reminded that they too must increase as new guidelines will be followed.

**Accountable Reimbursement Accounts (ARAs)** can be designated for travel, continuing education, books, subscriptions, and/or office supplies, etc. In short, any expense of doing ministry for the church can be included. A formal resolution specifying the amount and purpose of the ARA must be passed by the Charge Conference or the Administrative Council/Board, a copy of which should be on file in the church office. The clergy should also have a copy. An ARA worksheet is included to help write this resolution.

Payment from the ARA is received by the clergy when he/she presents receipts or other satisfactory documentation for expenses incurred which are covered by the ARA. Unused portions of the ARA are not to be given to the clergy. To do so violates the tax free requirements set by IRS, and makes the entire ARA taxable income. Unused amounts can be held over to the following budget year. ARAs are not compensation. Housing allowance, medical expense, and dependent care expense are not to be included in an ARA. Reimbursement for the cost of travel for professional reasons is not compensation. Travel should be budgeted to cover the best estimate of actual expenses and included in an Accountable Reimbursement Account (ARA). Business travel expenses paid through an ARA plan are not reported on the clergy's Form W-2, and are thus not taxable. Giving the pastor a monthly dollar amount that does not require documentation of mileage is not allowed. Monthly business travel allowances for which the clergy does not have to account are treated by IRS as taxable income and reported on Form W-2. Amounts so designated will be treated as Salary by the Florida Conference.

**Continuing Education** should be budgeted as an accountable reimbursement account. It is recommended that it be included in the ARA with other business expenses. It is possible to set up a separate line item for CE. An amount should be set that allows the clergy the opportunity to nurture himself/herself spiritually and sharpen pastoral skills and abilities through seminars and workshops, etc.

**To access complete informational details** regarding benefits required for your clergy as well as optional benefits available to your clergy, go to [www.flumc.org](http://www.flumc.org) Administration Tab, Human Resources link, and the HR Manual.

### **Medical Insurance**

***Church share of Medical Insurance Premium*** – Each church will be assessed a monthly health insurance premium for each eligible clergy . The church’s premium will be a blended rate set by the Conference Board of Pension & Health Benefits (CBOPHB) in the fall, usually in October. This monthly premium will be posted on the Conference web site and communicated to local churches as soon as it is known.

For more information on Health Insurance Benefits and Premiums go to the Florida Conference Website [www.flumc.org](http://www.flumc.org). Locate Human Resources – Health Care, Pensions under the Administration Tab.

***Individual clergyperson’s share of Medical Insurance Premium*** – At the 2005 session of Annual Conference, the conference adopted a policy that requires each clergy person to participate in the cost of his/her own health insurance. The monthly cost for clergy participating in single coverage or family coverage (for two or more individuals) will be set by the CBOPHB in the fall, usually in October. This monthly cost to participating clergy will be posted on the Conference web site and communicated to clergy and local churches as soon as it is known. By conference policy, the church is prohibited from paying the individual clergyperson’s portion but rather is required to deduct it from the clergyperson’s salary and remit this deducted amount monthly along with the church’s portion of the premium. If the clergyperson chooses to participate in the optional dental coverage or the optional life insurance, by conference policy, the church is prohibited from paying for this additional coverage but rather is required to deduct it from the participating clergyperson’s salary and remit this additional deducted amount monthly along with the church’s portion to the Conference Treasurer. Clergypersons should complete a health insurance premium withholding authorization form, which will be posted on the conference website when the rates are known, to ensure proper withholding for their health insurance.

### **Pension**

The Clergy Retirement Security Program (CRSP) became effective January 1, 2007 for eligible clergy and provides a pension at retirement. The core program consists of a separate defined benefit and defined contribution components. The plan was approved May 6 at the 2004 General Conference of The United Methodist Church and is the official pension plan of The United Methodist Church for all eligible clergy.

Details regarding CRSP are available at [www.flumc.org](http://www.flumc.org) click the Administration tab and Human Resources. Additional details regarding CRSP can be obtained from the General Board’s website at [www.gbophb.org](http://www.gbophb.org).

The amount each church will be billed for CRSP in 2010 will be calculated as: 12% of the clergy's salary plus housing allowance. For clergy with a parsonage, calculate 25% of the clergy's salary to get the value of the parsonage for pension purposes. The two added together will be considered as the clergy's total compensation to calculating pension contribution.

If Housing Allowance: Salary + Housing Allowance X 12% = CRSP billing amount  
If Parsonage: Salary X 125% X 12% = CRSP billing amount

**CRSP:** The Clergy Retirement Security Program (CRSP) is a retirement program providing lifetime income and account flexibility designed for those who serve God as clergy in The United Methodist Church. You are eligible to participate in the CRSP if you are a clergy member or local pastor under Episcopal appointment and are receiving compensation.

The CRSP has two components: a **Defined Benefit** component and a **Defined Contribution** component.

The **Defined Benefit** component helps provide financial security with monthly retirement income for life. It's called a defined benefit plan because the amount of your benefit is defined in advance by a formula that includes the Denominational Average Compensation (DAC) and your years of credited service. As your years of credited service to the Church grows, so will the amount of your monthly benefit.

You cannot outlive or run out of monthly Defined Benefit retirement benefits. They are not tied to how well you save, invest or grow your investments, unlike a Defined Contribution plan or other personal savings plan. You can estimate your monthly benefit using the General Board's pension projection calculator on their website at [www.gbophb.org](http://www.gbophb.org) through the Online Account Services Information System (OASIS).

The following calculation shows how the monthly benefit is determined:  
 $1.25\% \times \text{DAC} \times \text{years of credit in the CRSP plan} \div 12 \text{ months}$

The **Defined Contribution** component provides flexibility with a personal account balance that's established for you. Every month the annual conference contributes 3% of your plan compensation to your Defined Contribution retirement account. The CRSP plan provides the flexibility for you to grow your account balance by choosing from a variety of investment funds. Your Defined Contribution account balance increases or decreases depending on the performance of the investments you choose. When you retire, you will have access to 100% of your Defined Contribution account balance.

**MPP:** The former Ministerial Pension Program (MPP) is closed to new participants and will no longer accept contributions for clergy currently enrolled. All pension funds previously contributed to a clergy's pension fund through this program remain in the clergy's personal pension account.