Upper New York Conference
The United Methodist Church
To live the Gospel of Jesus Christ and to be God's love with our neighbors in all places.

CLERGY SUPPORT POLICIES

2020-2021 Clergy Support Policies of the Upper New York Conference

This policy document is comprised of policies approved by multiple agencies of the Upper New York Conference. The agency responsible for each section or sub-section is noted in parentheses.

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I. Minimum Base Compensation (Comm. On Equitable Compensation)

A standardized minimum base compensation is established for The Upper New York Annual Conference that requires the following effective January 1, 2021:

A. A minimum base salary, set according to credential level, for all full-time clergy persons as follows:

	Base
Full connection (elder & deacon):	$39,984
Provisional (elder & deacon):	$38,556
Associate:	$37,842
FT LP completed Course of Study or MDiv	$37,128
FT Local Pastor:	$35,700

Less than full-time appointments shall receive a base salary pro-rated according to the appointment.

B. An additional amount is added to the base for each full-time equivalent year of service based on credentials as follows:

Full	Provisional	Associate	FTLP w/MDiv	FTLP	per year of FTE service up to
$400	$386	$378	$371	$357	25 years

C. Plus an additional $500 for each additional church on the pastoral charge (over one), not adjusted for part-time appointments.

D. No pastor's salary can be decreased as a result of this policy, as long as they retain their current appointment.

E. All churches are strongly encouraged to offer a gross salary increase of no less than **the ten-year average increase in the Consumer Price Index (1.7% for 2021)** in order to account for increases in the costs of living. Churches are encouraged to consider further raises based on exceptional service.

II. Pulpit Supply (Comm. On Equitable Compensation)

The honorarium for pastoral supply shall be $90 for one service and $75 for each additional service, plus mileage reimbursement at the current IRS rate.

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III. Clergy Housing Policy (Comm. On Equitable Compensation)

In the United Methodist Church, housing is provided to clergy. While the parsonage remains the normative provision of housing, some parishes prefer to offer, and some clergy prefer to receive, a housing allowance instead. The complexities of contemporary economics, local church resources and pastoral households make it less likely that a "one size fits all" housing provision best meets the needs of every situation. Local churches and clergy both need to carefully weigh the advantages and disadvantages, especially if considering a change from one to the other.

A. Values and Considerations

The Upper New York Annual Conference of The United Methodist Church believes that both congregations and clergy benefit when clergy and their families live in residences which are safe, clean, comfortable, and as commodious as the average home in their community. It is required that clergy housing meet all applicable local and state residential codes. As faithful stewards of the earth and other limited resources, congregations and clergy are encouraged to make clergy housing as energy efficient as possible. In order to be as welcoming as possible, consideration should be given to making clergy housing accessible to residents or guests with mobility challenges.

Local churches may prefer to provide a housing allowance for a variety of reasons: less property to maintain and repair, more predictable budget implications, and no "landlord" issues with their pastor. Likewise, clergy households may prefer a housing allowance for other reasons, such as: accumulation of equity, allowance for differing clergy household needs, ability to locate in a desired location, freedom to renovate and refurbish as desired, and no "tenant" relationship with parishioners.

However, it is also to be acknowledged that tension may exist between the appointive/itinerant system of clergy deployment and the housing allowance system. Pastoral appointments are made on an annual basis at the will of the bishop. The financial advantage to long-term clergy home ownership may be at odds with a short-term need or desire for a pastoral transition. It must be understood by all that the provision of a housing allowance or parsonage shall not be a primary consideration by the bishop and cabinet for future appointments for the pastor. Further, a local church that has a parsonage available to the pastor is under no obligation to provide a housing allowance if that pastor prefers to live in a different location.

B. Parsonages

1. Relationships and Responsibility

The parsonage is to be mutually respected by the pastor's family as the property of the church and by the church as a place of privacy for the pastor's family. (Book of Discipline of the UMC, par. 258.2.g.16)

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The chairperson of the Staff-Parish Relations Committee, the chairperson of the Board of Trustees or the chairperson of the Parsonage Committee, if one exists, and the pastor shall make an annual inspection and review of the church-owned parsonage to assure proper maintenance. (Book of Discipline of the UMC, paragraph 258.2.g.16, and paragraph 2532.4)

The church shall provide a parsonage which addresses the values noted above and the standards listed below. Standard maintenance and repairs, and renovation of the parsonage are the responsibility of the church. The Trustees or Parsonage Committee shall arrange, supervise, and arrange payment for such tasks. Necessary work shall be scheduled in consultation with the pastor. The church and the pastor shall work together to develop a process to assure timely, good quality repairs and maintenance.

- Parsonages with a wood burning heat source must have a professional chimney inspection (and cleaning if necessary) at least every 2 years.
- The pastor shall furnish the house to suit his or her needs.
- The pastor is responsible for notifying the church about necessary repairs as the need arises.
- The pastor is responsible for the repair of damages exceeding normal wear and tear.
- The church, in consultation with the pastor, is responsible for lawn care and snow removal.
- The church shall pay for insurance, heat, electricity, garbage and trash removal, water and sewer, basic telephone service (landline or cell), and installation fees for cable or satellite television service if broadcast reception is inadequate.
- Churches that expect pastors to have access to the internet away from the church should pay for internet access at the parsonage.
- The pastor shall pay for personal toll calls and communication services beyond those provided by the church.

If a pastor is appointed to serve more than one local congregation, all congregations shall share equitably, the costs and other responsibilities of providing a parsonage. If more than one congregation has a parsonage, the parsonage of residence shall be determined by the District Superintendent in consultation with the appointed pastor and the congregations.

If a parsonage is occupied by a clergy couple serving different appointments, all congregations served shall share equitably and reasonably the costs and responsibilities of providing a parsonage. The parsonage of residence and shared cost responsibilities shall be determined by the District Superintendent in consultation with the appointed pastors and affected congregations.

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Adherence to this policy by both clergy and congregation is essential to the appointment covenant. Failure to adhere to this policy by either clergy or congregation may jeopardize current and future appointments.

2. Parsonage Standards

Parsonages shall have at least 3 bedrooms, 1.5 bathrooms, a kitchen, dining room, living room, laundry facilities, appropriate storage capacity, and provision for 2 parking spaces. All shall be in good repair and meet all applicable local and state health and safety codes. The parsonage shall be at least the size of the average home in its community.

The church is responsible for providing a furnished office or study for the pastor. While it is preferable to locate this office in the church or another church building, if necessary it may be a separate, additional room in the parsonage. If the Pastor's primary office is located in the parsonage, it must have its own, separate, outside entrance and unencumbered windows, in accordance with Safe Sanctuary policies.

3. Rooms and Spaces

   a. Bedrooms should be large enough to contain a bed, adequate storage for clothing (dresser and closet, or dresser and wardrobe), and a desk and chair or a reading area. It is preferable to have at least one fully accessible bedroom on the ground floor of the house

   b. Bathroom facilities shall include: a toilet and sink on each floor, a tub, a shower, a medicine cabinet, and storage space for linens and supplies in or near the main bathroom. It is preferable to have at least 2 complete bathrooms including a fully accessible, complete bathroom on the ground floor.

   c. The kitchen shall contain at least: a standard size stove and oven, a refrigerator with freezer, a dishwasher, built-in cabinets or pantry, a full-size sink, adequate counter space, and wall and floor finishes which can be kept clean.

   d. Living and dining rooms should be large enough to accommodate 4-6 residents plus guests. A combined living and dining room is acceptable if large enough to fully accommodate both functions.

   e. Laundry facilities shall be accessible from the interior of the house and include: an automatic washer and dryer, and storage for supplies. It is preferable to be able to conceal the laundry area and even better to have a

separate laundry room with a sink and space to sort and fold. It is preferable to have these facilities fully accessible and on the ground floor.

f. Parking shall be off-street, preferably in a garage located on the parsonage property.

4. Systems

a. *Heating, Ventilation, and Cooling* - The parsonage shall be equipped with central heating capable of maintaining a temperature of 68 degrees in all rooms. Windows shall be in good repair and operable to provide adequate ventilation. Full bathrooms should have adequate ventilation to prevent excessive moisture build-up. Adequate passive or mechanical air cooling should be provided.

b. *Electrical System* - Wiring, outlets, and fixtures should be safe and adequate to meet the lighting and technology needs of a modern household.

c. *Water* - Hot and cold, potable, running water shall be available in the kitchen, bathrooms, and laundry area in amounts suitable to the needs of a family. In areas with hard water, water softeners shall be installed and maintained. Leaks of any kind are not acceptable.

d. *Safety, Security, and Environment* - Parsonages shall be equipped with properly maintained CO detectors and smoke alarms, and have fire extinguishers in kitchen, furnace room, near fireplaces, pellet stoves or wood stoves, and near bedrooms. Radon testing shall be done periodically, and remedial measures taken if necessary. Visible mold and moldy odors shall not be present. The presence of any health threat shall be remediated including, but not limited to: lead and uncontained asbestos.

Where necessary for the safety of children and/or vulnerable adults, yards and outside spaces shall be adequately enclosed. Entrance lights shall have switches by the door, be motion activated, and/or be operable remotely. All parsonages shall be equipped with secure locks/deadbolts. If there are further safety concerns, the pastor and the church may wish to explore installing an alarm system.

e. *Communications* - The parsonage shall have a reliable telephone system, adequate TV connection and internet access.

f. *Interior finishes* - Floors, walls, and fixtures shall be in good condition with coverings which are suitable for the function of the room and in good repair.

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g. *Exterior* - The roof, exterior walls, exterior doors, windows, and foundation of the parsonage shall be carefully maintained to keep out the elements, pests, and to conserve energy. The house shall be adequately insulated. It is preferable to have energy efficient doors and windows that suit the architecture of the house as much as possible.

   i. Porches and decks shall be maintained to insure their safety. Exterior faces and spaces of the building(s) and yard shall be designed and maintained to be functional for the family, and to be a pleasant addition to the community.

5. Waivers and Exceptions

If the minimum standards described above cannot be met because of the age or historic character of the house, the charge must propose alternatives which afford an equivalent quality of life to that set by these standards. Any such changes must be approved by the District Superintendent. It is understood that such changes will not compromise the safety provisions of these standards, the overall functionality of the parsonage, or the mandate that it be kept in good repair. It should be noted that the accessibility preferences described above are mandated when purchasing or building a new parsonage. (Book of Discipline of the UMC, par. 2543.3b)

6. Transition Protocols

Prior to a pastor's move, but no more than every 5 years, a certified building inspector shall inspect the parsonage so that the congregation can plan necessary maintenance and repairs. If a pastor is moving and the parsonage has had a professional inspection within the past 5 years, this pre-move inspection may be performed by the outgoing pastor, the chairperson of the SPRC, and the chairperson of the Board of Trustees and/or the chairperson of the Parsonage Committee or their designates.

The outgoing pastor shall leave the parsonage clean and in good order. As soon as possible after a change in appointment is announced, the Trustees or Parsonage Committee shall inspect the parsonage for maintenance needs and damage caused by the outgoing residents, including damage caused by pets. [It is recommended that a signed *Parsonage Inspection Form* and a *Parsonage Transition Form* be filed with the District Office and a copy of the inspection provided to the incoming pastor.]

If excessive damage is discovered it will be the responsibility of the outgoing pastor to pay for repairs of or replace the damaged item(s). When the pastor or family has allowed smoking within the parsonage, the cost of professional cleaning, and purchase of an air purifier, if necessary, to remove smoke odor will be the responsibility of the outgoing pastor.

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The charge shall refurbish, repair and thoroughly clean the parsonage prior to a new pastor moving in. Damaged walls, ceilings, floors, windows, fixtures and appliances shall be repaired or replaced. Painted surfaces shall be cleaned or repainted. Carpets shall be thoroughly steam cleaned or replaced; replacement is required if the carpet is torn, excessively worn, or permanently stained. Windows shall be cleaned inside and out. In the event that such work requires that the incoming pastor must make temporary living arrangements, related expenses will be paid by the receiving church.

It is recommended that a photographic record of house and yard, including each room's condition and contents, be created and filed for reference and planning purposes.

7. Treatment of Parsonage Value in Compensation Packages

Wespath provides the following guidance: When a parsonage is provided, it will be valued at 25% of salary for benefit computation purposes. In a multi-church appointment, this factor is added to salary for all churches served by the pastor, regardless of which church owns the parsonage in which the clergy person lives.

a. If a clergy couple is serving separate churches and each church/charge has a parsonage available, each clergyperson's entire compensation will include a parsonage value equal of 25% of salary regardless of where the clergy couple lives. [Note: only the fair rental value of the occupied parsonage is reported by the clergy couple as part of self-employment income]

b. However, if a clergy couple is serving separate churches, and is living in a parsonage provided by one of the churches, with no parsonage offered or available from the other church, only the clergyperson serving the church which provides the parsonage will have the parsonage value added to salary.

C. Housing Allowance

All full-time clergy appointed to a full-time charge or a Conference-responsible extension ministry shall be provided either a parsonage or a housing allowance. In the event that an appointment has already moved to providing a housing allowance for their pastor and a parsonage is no longer available the charge will negotiate an appropriate housing allowance with the incoming pastor. A housing allowance enjoyed by a pastor appointed to charge "A" will not necessarily translate into a housing allowance for that same pastor when s/he is appointed to charge "B."

Housing allowances shall exist in accordance with the following policy or successive policies as determined by future sessions of the Annual Conference:

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1. The housing allowance policy will be in effect from the time the charge moves from providing a physical parsonage to a housing allowance for the current pastor or an incoming pastor. Once the charge makes the transition to providing a housing allowance, that charge shall not be *required* to return to providing a physical parsonage. In the event that the charge *wishes* to do so, see item #4 below.

2. Charges that elect to provide a housing allowance shall do so at a charge/church conference chaired by the District Superintendent after and only after following the steps outlined in item #3 below.

3. A housing allowance agreement shall be drawn up by the local charge (the Staff/Parish Relations Committee and the Board of Trustees, in consultation with the District Superintendent, should be involved in this process as a joint effort). The agreement shall include the following:

   a. For the purchase of a home (house, condo, etc.) by the pastor:

      i. Costs associated with a typical annual mortgage, based upon a 20% down payment and 30-year mortgage, for a home that meets the size requirements of the Conference Parsonage Standards, to cover at minimum: monthly principle and interest costs and mortgage insurance.

      ii. Costs associated with utility expenses (heat, light, phone, basic cable, internet service if not provided in a separate church office), property taxes for a home that meets the size requirements of the Conference Parsonage Standards. This information will be provided by a reputable realtor or rental agent so a dollar range for housing may be set for the incoming pastor as s/he considers the appointment and seeks housing.

      iii. The housing allowance will be at minimum the sum of items i and ii above.

EXAMPLE:
i. Purchase price of home = $140,000; 20% down - $28,000; 30 year mortgage of $112,000 @ 4.75% is $585 x 12 = $7,020 annually
property and school taxes of $4,000
homeowners insurance of $600
ii. Average monthly utility expenses of gas, electric, and bundled phone/internet/tv = $345 x 12 = $4,140
Minimum housing allowance in this example is $15,760

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iv. Charges providing a housing allowance may assist the pastor in obtaining a loan or provide a grant for down payment if needed. Any such agreement for down payment shall become a part of the housing allowance agreement.

v. The housing allowance agreement shall be signed by the pastor, the chair of Trustees, and the chair of S/PPRC.

b. For the rental of a home (house, apartment, condo, etc.) by the pastor: The housing allowance shall be determined in accordance with item a. sub items i. through v. above. It should be noted that housing (either as an allowance or in physical form) shall be provided in accordance with parsonage standards. In the event that the appointed clergyperson chooses to expend less in a rental circumstance s/he shall be afforded the opportunity to save and invest the difference for the eventuality of providing housing for herself or himself in retirement. This provision provides for the near equivalent opportunity for the pastor to accumulate something akin to equity over the life of the housing allowance. By the same token, should the clergyperson choose to rent a home costlier than a home that meets the parsonage standards, the charge shall not be responsible for the additional costs associated with that choice.

c. A charge may use the annual income and capital gain from the sale of a parsonage over the rate of inflation to help support the housing allowance.

d. All current IRS regulations shall be met for both recording and reporting purposes.

4. A charge shall not be required to establish a parsonage after changing to a housing allowance. However, if a charge chooses to return to providing a parsonage, it shall do so only after:

a. A full and frank discussion with the clergyperson, the S/PPRC, and the local Board of Trustees.

b. An agreement dissolving the housing allowance agreement has been signed by the pastor, the chair of S/PPRC and the chair of the Board of Trustees.

c. A proposal for the purchase of a new parsonage has been completed in full accordance with the United Methodist Book of Discipline.

d. The proposed parsonage is in full compliance with current Conference Parsonage Standards.

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D. Housing Exclusion

Pastors may utilize the favorable tax advantages of a housing exclusion, which does not increase the compensation package but does lower the pastor's federal income tax liability.

1. A *Housing Allowance* is money paid to the pastor for the purpose of housing in addition to base salary. A *Housing Exclusion* is the amount of a pastor's base salary that he/she declares to be excluded from taxable income as housing related expenses. Housing is exempt from Federal Income taxes but is NOT exempt from self-employment tax.

2. A pastor living in a parsonage may have a *Housing Exclusion*; a pastor living in his/her own home may take advantage of a *Housing Exclusion* in addition to the *Housing Allowance*. This can be accomplished by passing a resolution designating an amount greater than the housing allowance listed on the compensation package.

   a. Section 107 of the IRC provides that: "In the case of a minister of the gospel, gross income does not include: 1) the rental value of a home furnished as part of compensation; or 2) the rental allowance paid as part of compensation, to the extent used 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."

      i. A "minister of the gospel" is defined as any duly ordained, commissioned, or licensed minister of the church, who is performing substantially all of the religious duties of his/her church or denomination. The "fair rental value" is the annual amount for which a similar furnished home in a similar neighborhood could be rented, including utilities. This can be determined by formal or informal appraisal by a realtor, or by comparing actual rents advertised for similar homes in the community.

3. Below are some further guidelines regarding a Housing Exclusion:

   a. The housing exclusion must be put in place by official church action before payment is made to the pastor.

   b. The housing exclusion recognized for tax purposes is limited to the <u>lesser</u> of:
      i. The amount declared by the church.
      ii. The actual amount spent to provide housing.
      iii. The fair rental value as described above.

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c. The housing exclusion may be paid in the same check as the pastor's salary as long as it is identified on the stub accordingly. It may also be paid separately.

d. Housing exclusion is not reported as part of gross income on the W-2.

e. It is the pastor's responsibility to account for the actual amount spent on housing expenses to the IRS (not the church) if requested.

f. If the total expenses are less than the allowance paid, the pastor must declare the excess as an addition to gross income.

g. If the total expenses are more than the pre-defined exclusion, they do not qualify for the exclusion.

h. The housing exclusion may be used by the pastor to pay for most non-personal type expenses incurred in providing or running a home (see list below).

4. The following items are examples of expenses paid by the pastor that may qualify as Housing Exclusion items, as applicable, and keeping in mind the limits above:
   a. *Housing Expenses* such as: down payment on a home, mortgage payments, home equity loan payments (if they are for home related expenses), real estate taxes, property/renters' insurance, utilities

   b. *Repairs and Maintenance*: Structural repairs, remodeling, yard maintenance and improvements, lawn equipment and repairs, pest control, trash pickup, snow removal, tools, cleaning supplies

   c. *Furniture and Decorating Accessories*: Appliances, TV/VCR, stereo, furniture, drapes, pictures, rugs, linens, lamps, etc.

5. Sample Housing Allowance and/or Exclusion Resolution

WHEREAS Section 107 of the Internal Revenue Code of 1986 has provided that a minister of the Gospel may exclude from gross income the rental value of a home provided and any allowance to provide a home; and

WHEREAS, the Rev._____is a duly ordained, commissioned, or licensed minister of the church, who is performing substantially all of the religious duties of the church; and

WHEREAS, the_____Church has established a gross salary for the Rev. _____ in the amount of $_____ for the period from _____ to_____;

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THEREFORE, BE IT RESOLVED that:
The use of the parsonage located at_____, plus all utilities, and $_____of the above noted gross salary be provided to Rev._____to the extent it is used to provide a home and be considered to be a Clergy Housing Exclusion and that said amount be excluded from reportable compensation under Section 107 of the IRC of 1986.
OR
$_____of the above noted gross salary be provided to Rev._____to the extent it is used to provide a home and be considered to be a Clergy Housing Exclusion and that said amount excluded from reportable compensation under Section 107 of the IRC of 1986.

IV. Accountable Reimbursement Plans (Comm. On Equitable Compensation)

A. Policies and Budgeted Amounts

1. All pastors appointed within the Upper New York Annual Conference are eligible for an Accountable Reimbursement Plan (ARP) for professional expenses incurred while performing pastoral duties.
2. A minimum annual Accountable Reimbursement Plan (ARP) budget for a full-time pastor shall be $3,500 for a single church appointment and $4,500 for a multi- church appointment.
3. Within the Accountable Reimbursement Plan there shall be a designated amount for the pastor's continuing education. If the amount is not fully used in the current fiscal year, a pastor may request to roll over the remainder of the ARP Continuing Education amount with an SPRC approved plan for the use of the funds.
   1. This plan and specific amount is to be reported to the local church/charge conference at year's end. No more than three successive years of funding or $2,000 (whichever is less) can be rolled over in this manner. This maximum dollar amount should relate to full-time clergy. The amount for part-time clergy shall be prorated.
   2. In the event of a pastoral change the roll over amount will be a part of the appointment conversation among the pastor, the churches, and District Superintendent(s) involved.
4. Pastoral appointments of ¾ time, ½ time or ¼ time shall budget and pay an ARP proportionally to this standard for full-time appointments.
5. Congregations are encouraged to budget ARP above the required minimum in consideration of location-specific mileage needs and other factors.

B. Accountable Reimbursement Plan Procedures

An Accountable Reimbursement Plan (ARP) arrangement is established to reimburse business expenses and should satisfy three conditions:

1. The expense must have a connection to services performed for the church or other connected entity.

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2. There must be an adequate accounting of the expense within a reasonable period of time; i.e. date, place, amount/mileage, business purpose provided at least quarterly.
3. Any excess reimbursements or advances to the pastor must be returned to the church within a reasonable period of time; i.e. 120 days, and within 30 days for end of the year expenses.

Reimbursements are not considered to be income for the pastor, but professional costs as an expense of the church. Therefore, ARP reimbursement is not included in income reporting to the IRS. The amount budgeted is reported to the Conference as a component of the compensation package but is not considered part of salary. A pastor's salary may not be reduced to fund the Accountable Reimbursement Plan.

To implement an ARP, there needs to be a written policy or resolution established annually in advance of payment and approved at Church/Charge Conference. Payment of funds may be done

- as a reimbursement of qualified expense,
- as payment direct to vendor, or
- as an advance with subsequent documentation of expenses; or any combination of these methods.

Pastors shall submit a voucher for reimbursement of professional expenses, providing receipts for expenditures and an accounting of mileage where applicable. The specific nature or names related to pastoral visitations shall not be disclosed.

The church, in consultation with the pastor, may wish to designate certain items which it elects to have covered by this policy, such as travel, continuing education, books, subscriptions, work supplies, vestments, etc. There may be a cap or dollar amount on the total reimbursable business expenses that will be paid, for example: "The reimbursement amount shall be no more than_____." The church may also want to require pre-approvals by the treasurer or SPR/PPR chair of business expenses in excess of $ 500 (or any other amount deemed appropriate). The church may want to set a dollar amount for which receipts must be submitted such as purchases over $25.00. These additional requirements should be included in the policy.

C. Qualified Expenses

Pursuant to information provided by the General Council on Finance and Administration, an example of items that are reimbursable under an Accountable Reimbursement Plan includes:

1. Trips to visit parishioners at hospitals, nursing homes, or the parishioner's home
2. Business-related meals and mileage
3. Expenses related to meetings of a connectional nature (i.e. District events, conference-level meetings, etc. Expenses for Annual Conference sessions should be budgeted as a separate line item in the church budget for both clergy and lay members, not as part of the ARP.)

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4. Supplies for the church office
5. A computer required for church work
6. Vestments worn for worship
7. Church-related books and periodicals
8. Office furnishings and equipment
9. Continuing education and seminars

D. Sample Accountable Reimbursement Policy

This is a sample of an accountable reimbursement policy. The specifics of each policy should be reviewed by each church and minister considering their specific concerns. If legal or tax advice is required, the services of a competent professional advisor should be sought.

The following resolution is hereby adopted by the church council of XXXXXXXXX Church. *It will be effective for the calendar year and all future years unless specifically revoked or superseded.*

The church pastor (or other employee(s)) will be reimbursed for ordinary and necessary business expenses incurred in the performance of his or her responsibilities when he/she substantiates the amount, business purpose, date, and place of the expense. Confidentiality shall be maintained in the substantiation of pastoral visits and/or counseling.

This substantiation must be provided to the chair of the pastor parish relations committee (or church treasurer) within ninety (90) days of incurring the expense. The individual must return to the church any amounts received in excess of the substantiated expenses within one hundred twenty (120) days of receipt.

The church will not report any properly substantiated reimbursement payments as income on any Form W-2.

_____	_____	_____
Chair, Church Council	SPR/PPR Chairperson	Pastor

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V. Benefits (Conf. Bd. Of Pension & Health Benefits)

A. Pension

1. Clergy

All licensed, commissioned or ordained pastors under appointment to a United Methodist Church 75% or more are eligible to participate in the Clergy Retirement Security Program (CRSP). All licensed, commissioned or ordained pastors under appointment to a United Methodist Church at 50% are eligible to participate in the United Methodist Personal Investment Plan (UMPIP) with the church making contributions. The eligible clergyperson will be enrolled unless a Waiver of Participation, notarized and filed on the prescribed form, is received in the Benefits Office. The charge shall pay the monthly CRSP or UMPIP Invoice as applicable.

Clergy on Incapacity Leave and Sabbatical Leave continue to accrue credit toward the Defined Benefit component of CRSP, paid by the Annual Conference. Clergy on other forms of leave, appointed to attend school, or appointed to an extension ministry outside the responsibility of the Annual Conference do not accrue "years of service" toward this benefit.

2. Lay Employees

The Book of Discipline, Para. 258.2g (12) states that the PPRC shall recommend 100% vested pension benefits of at least 3% of compensation for lay employees who work at least 1040 hours per year. The United Methodist Personal Investment Plan (UMPIP) is available to local churches for this purpose, or they may utilize other options.

B. Death and Disability

The Comprehensive Protection Plan (CPP) provides death, long-term disability and other survivor benefits to eligible clergy. All full-time clergy plus elders, associate or provisional members serving 75% appointed to a United Methodist Church are enrolled.

A clergyperson's District Superintendent must be notified when applying for long term disability benefits and/or seeking Medical Leave status. Until and unless Medical Leave status is granted, the church to which the clergyperson is appointed remains responsible for salary and benefit costs for the pastor.

1. <u>Short Term Disability-Workers Comp-Paid Family Leave</u>

The Conference carries statutory coverage for short term disability, workers compensation and paid family leave on all clergy appointed to local churches as

well as lay employees of the church through the multi-peril insurance program. Premiums for this benefit are included in the church insurance invoice.

Unless in retired status, while on short term leave, the church remains responsible for all salary and benefit costs associated with the pastor. If a pastor is serving in retired status and becomes disabled, salary and benefit costs will be negotiated by the District Superintendent.

C. Health Insurance

1. Active Clergy

   All full-time clergy appointed to a local church or as Conference staff are eligible for health insurance and eligible to enroll in the Conference-sponsored health insurance plan. Regardless of enrollment, all charges that have a full-time pastor will be billed the blended rate premium. This premium may be split between churches served by the full-time pastor.

   Clergy enrolled and receiving a benefit are required to pay a Pastor's Personal Contribution of any election amounts over and above the premium credit in 2021. The amount of the Pastor's Personal Contribution is controlled by the pastor's elections in the HealthFlex Exchange.

   Churches with clergy serving less than full-time should include in their salary support packages a "health insurance allowance" in an amount that relates to the blended rate to enable the clergyperson to obtain health insurance or fund a Health Savings Account.

   Clergy and/or spouses over age 65, and enrolled in the conference Medicare supplemental plan, have to pay for Medicare Part B out of pocket.

2. Lay Employees

   Full-time lay employees are also eligible to enroll in the health insurance program. The premium billed is based on coverage level; i.e. single, two person or family and the elections chosen in the HealthFlex Exchange. The HealthFlex Plan options are the same as for a clergyperson.

3. Retired Clergy and Surviving Spouses

   The Upper New York Conference continues to support part of the cost of providing health insurance to retired clergy through the use of invested funds. The remaining financial support for the cost of retiree health care is billed to all of the local churches in the conference on a proportional basis.

CLERGY SUPPORT POLICIES

4. Policies developed by the Conference Board of Pension & Health Benefits:

This summary statement is provided to assist the clergy and employees of the Upper New York Annual Conference understand the eligibility guidelines and funding policies of the Health Care Program. The Health Care Program and its Policies are the responsibility of the Annual Conference and the Conference Board of Pension and Health Benefits and are subject to change. Eligibility guidelines are presented in summary; if there are any conflicts between the information in this summary and the terms of the Plan Document, the terms of the Plan Document shall control. Benefit information may be found at www.unyumc.org. Further information may also be obtained from the Benefits Office.

a. ELIGIBILITY

i. Full-time Active Clergy at Local Churches or appointed to staff positions.
ii. Conference or church lay employees working 30 hrs / week.
iii. Clergy on leave, enrolled prior to leave (12-month maximum).
iv. Retirees who were enrolled 5 years immediately prior to retirement.
v. All enrolled persons must be in Medicare A & B, if eligible, and are responsible for that premium.
vi. Spouses and surviving spouses of enrolled retired participants.
vii. New spouse of surviving spouse is NOT eligible.
viii. Dependents and surviving dependents of participants; children subject to age and status rules (up to age 26 regardless of student status).
ix. Break in coverage may affect eligibility.

b. FUNDING

x. Local churches are billed based on eligibility of clergy person, regardless of enrollment.
xi. Blended premiums to local churches with eligible pastors; blended rate being the average cost of all eligible clergy.
xii. Local church lay employees are billed 100% of actual premium elections; church contribution negotiated by employee.
xiii. A portion of retiree medical costs are billed to all churches based on a proportional basis as a direct bill item; i.e. Retiree Premium.
xiv. Conference Staff and DS costs paid through shared ministry budget; personal premiums on same basis as active clergy.
xv. All active participants - lay and clergy – pay (on a pre-tax basis) a portion of their health insurance, determined annually by CBOPHB.
xvi. Short term leave; salary paying unit continues to pay health insurance.

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xvii. Long term disability; Conference pays full premium for pastor and family for year 1, then on a declining schedule for family members year 2-5. CBOPHB can consider special circumstances.
xviii. Persons on leave other than incapacity are not eligible for continuation of coverage.
xix. Retirees: The Conference's annual obligation is based on years of service: 3.33% of "fully funded HRA amount" per full-time equivalent year of service up to 30 years of service and 5-year vesting. CBOPHB determines the fully funded HRA amount annually.
xx. Retirees under age 65: Conference will pay 3% of actual premium credit, plus elections over premium credit amount, per year of service up to 30 years. An additional amount of 5% of premium for each year under age 65, up to 15%, is added to the participant's obligation.
xxi. Retiree Health Insurance years of service include all full-time UMC church appointments or conference staff; adjusted for part-time.
xxii. Conference lay employee retirees pay on the same basis as Clergy retirees.
xxiii. Spouses and Surviving Spouses receive 50% of the HRA (over 65) or pay premiums (under 65) as their clergy spouse.
xxiv. New spouses of retired participants pay 100% when under age 65 and receive no HRA when over age 65.
xxv. Premiums for legally dependent adult children determined by CBOPHB.
xxvi. Churches with clergy serving part-time should include in their salary support packages a "health Insurance allowance" in an amount that relates to the blended rate to enable the clergy person to obtain health insurance or fund a Health Savings Account.

VI. Other Considerations (Conf. Bd. Of Pension & Health Benefits)

Pastors are strongly encouraged to participate in the Social Security system. Wespath and the Conference Board of Pension & Health Benefits have structured retirement, disability, and health benefit programs around the Social Security system. No grants will be provided by the conference to persons who have opted out of Social Security for the purpose of supplementing income or health benefits.

CLERGY SUPPORT POLICIES

VII. Paid Time Off Policy (Comm. On Equitable Compensation)

A. All clergy are eligible for two days off per week for personal time, family time and spiritual renewal; one of which would be a Sabbath day.

B. Full-time Clergy are eligible for 4 weeks of vacation each year with 5 weeks for those with more than 20 years of full-time equivalent service. The number of Sundays off will correspond at least one-to-one with the number of weeks of vacation.

C. As per ¶ 350.1 & 350.2, full-time clergy shall have at least 1 week per year of Continuing Education/Spiritual Growth Leave with the Conference providing up to one more additional week for a total of up to 2 weeks. Furthermore, once every quadrennial period (every four years) there should be one year where an additional month of Continuing Education/Spiritual Growth is undertaken.

D. Full-time pastors are encouraged to give a week annually to a Conference camping ministry.

E. There will be no prescribed sick leave for clergy. Short- and long-term disability, and paid family leave, will be provided as needed.

F. Vacation and paid time off for part-time clergy is to be individually negotiated in consultation with the SPRC, pastor and District Superintendent, at the initial appointment and subsequently as needed.

G. Associate, provisional, or members in full connection may request family leave through the Board of Ordained Ministry per ¶354.

H. Maternity or Paternity leave, not to exceed one fourth of a year, will be available and shall be granted to any local pastor, provisional member, associate member, or clergy member in full connection who so requests it per ¶356.

CLERGY SUPPORT POLICIES

VIII. CLERGY MOVING POLICY **(Comm. on Equitable Compensation)**
(Interim Change effective 7/1/2020)

INTRODUCTION

Pastors will be responsible for securing and scheduling their own moves when an appointment change is made for full-time appointments, less than full-time appointments where the pastor will live in a parsonage, or pastors retiring from a local church.

I. FINANCING THE MOVE

With the exception of retirement moves, covered later in this document, funding for this program will be accomplished through a cost-sharing arrangement between the Conference and the local church/charge receiving a new appointment. This arrangement will cap the total moving expenses incurred by a receiving local church/charge for one pastoral move at $2,250. It will also allow this expense to be spread out over the course of five years through a conference-managed accrual system. Further, because the total number of contributing local churches/charges in a given year is greater than the number of local churches/charges receiving a new appointment, the program is intended to be self-sustaining

A. Every year for five (5) consecutive years each eligible local church/charge will remit $450 to the Conference Treasurer to be held in escrow in a moving account to cover the local church/charge's portion of the moving expense.

B. Once a local church/charge has accrued a total of $2,250 in this account, its moving account will be considered paid in full. When a new appointment is made, the incoming pastor's moving expenses will be covered by the funds in the receiving local church/charge moving account along with any needed additional funds supplied by the Conference. The process described in A. above will restart at the end of five years if there has been a new appointment within the initial five years (see C).

C. In the event a local church/charge experiences a change of appointment prior to having accrued $2,250 in its conference-held moving account, the move will still be funded under this program. In this case the amount accrued in the receiving local church/charge moving account will be expended and the receiving local church/charge will then be expected to continue to remit $450/year following the move, until the $2,250 moving account total has been reached. To prepare for the next move, the process described in A. above will begin again.

D. Eligible churches/charges are those with one or more full-time appointed pastors, whether they reside in a parsonage or not. These churches/charges will remit one fee for each full-time pastor with the exception of clergy couples appointed to the same church (one fee).

E. Eligible churches/charges also include those with pastors appointed part-time who live in the church-owned parsonage.

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F. Exceptions not addressed in this policy, changes in eligibility, and special circumstances require the approval of the appointing District Superintendent.

For a professional move within the Conference boundaries, the mover can submit an invoice directly to the Benefits Administrator. The Benefits Administrator will pay the Mover's total fee. If any additional or special charges are involved, the Benefits Administrator will request payment from the pastor to the Conference.

II. ACTIVE PASTORAL MOVE GUIDELINES AND LIMITATIONS

A. Clergy Moves: The Conference will pay the full cost of a pastor's move up to 16,000 pounds. The pastor(s) will be responsible for the cost of moving weight that exceeds those limits.
   1. The following are covered by this policy:
      a. Reasonable household furnishings and library.
      b. The loading and unloading of the truck.
      c. Taking apart beds, frames, etc., for the move and re-assembling them upon arrival.
   2. The policy does NOT provide for moving:
      a. items considered hobbies or collectibles
      b. Items related to a separate business
      c. second cars, recreational vehicles, boats or utility trailers

B. Clergy Couples: The Conference will pay the full cost up to 20,000 pounds.

C. Seminarians and Local Pastors entering their first appointment: The provisions of the program apply, even if the seminarian is moving from outside the conference.

D. Pastors moving from outside the geographical boundaries of the Conference: The Conference will pay for up to $4,500 or 16,000 pounds, whichever is less. The pastor will be responsible for charges in excess of these amounts.

E. Pastors returning from Sabbatical Leave, Leave of Absence, Retirement, Extension Ministries, Medical Leave, or Honorable Location to a local church. These moves are eligible and subject to the policies as stated.

F. Surviving Spouses: The Conference will pay up to $3,000 for moving surviving spouses and/or immediate families when requiring them to vacate a parsonage. Each situation must involve consultation with the affected spouse and immediate family, the Cabinet, and the Benefits Administrator.

G. Displaced Spouses: The Conference will pay up to $3,000 for moving spouses and immediate families displaced due to divorce or other legal action when requiring them to vacate a parsonage. Each situation must involve consultation with the affected spouse and immediate family, the Cabinet, and the Benefits Administrator.

H. The pastor (or surviving spouse/displaced spouse) is responsible for packing, except for those items the carrier is required to pack under insurance regulations (i.e. mirrors,

mattresses, marble tops, etc.). The cost of packing materials – up to $250, or $350 for clergy couples – will be reimbursed for moves described in A – G above. Materials may be provided by the mover or purchased by the pastor with receipts provided to the Benefits Administrator for reimbursement.

I. Moving out of the Conference: The Conference will not be responsible for the cost of moving an active pastor to an appointment or ministry outside the geographic bounds of the Conference.

III. RETIREMENT MOVES **(Conf. Bd. of Pension & Health Benefits)**

A. The Conference Board of Pension & Health Benefits will share the cost for one retirement move for clergy members – full-time or part-time -- who are retiring from a local church appointment or conference staff appointment. The retirement move shall occur one year prior to retirement or up to two years after retirement. Any variation from the schedule must be recommended by the District Superintendent and approved by the Conference Board.

For each full-time equivalent (FTE) year of service in The United Methodist Church, the following amount will be paid toward the retirement move:

$100.00 per FTE year of service up to $3,000

B. Effective 7/1/2020, the Conference no longer has a Moving Coordinator. Accordingly, a retiring pastor is responsible for securing his/her own mover.

C. The pastor can pay their mover up-front and submit receipts and/or mileage documentation to the Conference Benefits Administrator for reimbursement up to the maximum allowed. The Conference will not reimburse payments to anyone who cannot substantiate their expenditures (i.e., friends or family members helping you move). Please see additional limitations found in the UNY Moving Policy Section II.A.2.

OR

The moving company can complete the move and submit the bill to the Benefits Administrator. The Conference will pay the moving company the maximum allowed for the retiree. If the cost of the move was greater than the maximum allowed, the retiree will be billed by the moving company for the difference.

D. The retiree is responsible for packing, except for those items the carrier is required to pack under insurance regulations (i.e. mirrors, mattresses, marble tops, etc.). The Conference will provide $250 for boxes and packing materials which may be provided by the mover or purchased by the pastor.

E. If the move costs less than the eligible grant amount, the balance is not payable to the retiree.

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F. For any funds paid by the Conference for a retirement move (of any distance), a 1099-MISC reflecting the amount paid by the conference will be sent to you at year end. Under tax law, the cost of a move paid on your behalf is taxable income which must be reported, and the expense is non-deductible.

XI. Pastor's Compensation Arrearage Policy (Comm. on Equitable Compensation)

A. In the event that the local church treasurer becomes aware that the church will be unable to provide to the pastor full payment of a regularly scheduled payroll, accountable reimbursements or housing allowance installment, or to remit full payment for any items deducted or withheld from a pastor's base compensation, the church treasurer shall immediately notify both verbally (within 24 hours) and in writing (within 3 days) the pastor, the lay leader, the lay member of annual conference and the chairs of S/PPRC, finance, trustees and the administrative/church council of the impending arrearage. Upon receipt of such notice, the chair of S/PPRC and/or the pastor shall immediately (within three days) notify the district superintendent of the impending arrearage. It is the pastor's responsibility to keep copies of all such written notifications, and to provide additional written confirmation to the district superintendent when an arrearage has taken place. Failure to document salary-related arrearages may result in a loss of compensation.

B. Upon receipt of notice of a pending arrearage, the chair of S/PPRC shall immediately (within 72 hours) schedule and hold a meeting of the pastor, lay leader and chairs of finance, trustees and the administrative/church council to discuss the financial situation and seek remedies to prevent an arrearage from occurring. Such remedies might include:
   - Drawing from invested funds
   - An emergency appeal for special giving from the congregation.

   According to the Book of Discipline Para. 624, such remedies cannot include a reduction in the pastor's compensation until the beginning of the next conference year.

C. If, after consultation among the lay leader, pastor, and chairs of S/PPRC, finance, trustees and the administrative/church council, it becomes apparent that the church may be facing a long-term financial crisis, the chair of S/PPRC shall notify in writing the pastor and district superintendent that:
   - An Equitable Compensation Subsidy Grant may be necessary to maintain compensation for the remainder of the conference year and/or,
   - A change in pastoral compensation or appointment may be necessary.

D. If the local church becomes delinquent in the pastor's compensation (i.e. more than 30 days delinquent), then the district superintendent shall notify the Commission on Equitable Compensation, which on its own initiative may do any or all of the following, but not limited to:
   - Sending a representative from CEC to meet with the local church and pastor to seek resolution of the issue;
   - Developing with the local church a payment plan so that the pastor receives

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full payment of compensation by the end of the conference year. The district superintendent shall be a participant in this process.

E. If the local church is already receiving a subsidy grant from the CEC, the CEC may also:
- Determine if all subsidy grant funds allocated to the church were used to pay the pastor's salary.
- Examine the original subsidy grant application to determine if the amount requested to meet minimum compensation was reduced
- Require an outside audit of all church funds in compliance with GCFA guidelines (www.gcfa.org).
- Notify the district superintendent of its findings and recommendations in writing.

F. Paragraph 2543 of the Discipline makes clear that no real property on which a church building, or parsonage, is located shall be mortgaged to pay for the current or budgeted expenses of a local church (including arrearages), nor shall the principal proceeds of a sale of any such property be so used. This provision shall apply alike to unincorporated and incorporated local churches.

G. Regardless of any assistance received from the Annual Conference, it remains the responsibility of the local church to provide minimum compensation for its appointed clergy (Para. 624).

H. It is the responsibility of the pastor to provide evidence of an arrearage by providing documentation to the District Superintendent, Commission on Equitable Compensation and any other conference agency. This evidence should include treasurer's reports, charge conference reports of adopted salary and compensation, check stubs, W-2 forms, and any other pertinent documents.

I. The limitations for filing a claim for funds from the annual conference (i.e. notification to the district superintendent of the arrearage) for any salary arrearage is one year from the date of the initial arrearage. Once an appointment ends, the pastor no longer has claim on the local church for compensation funds (Para. 342.4).

J. The district superintendent shall provide a report of the matter and actions taken which will be placed in the permanent files of the church and the pastor.