

**TERMS OF CALL WORKSHEET FOR 2012**

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

**Minimum 2012 terms of call for ministers provided with a manse:**

The total of lines 1, 3, 6, 7, 8, 12c must be at least \$36,448 if utilities are paid by minister (\$32,806 if utilities are paid by church)

**Minimum 2012 terms of call for ministers provided with a housing allowance:**

The total of lines 1, 2, 3, 6, 7, 8, 12c must be at least \$46,479

**Other 2012 minimums for all ministers:**

Line 12b must be at least \$700

Line 12a must be an allowance of \$2,400 or federal per mile reimbursement (see note on allowances / reimbursements on the back of the worksheet)

One month vacation (to include four Sundays) and Two weeks study leave (six weeks may be accumulated by arrangement)

MINISTER/CLP NAME: \_\_\_\_\_ CHURCH NAME: \_\_\_\_\_

DATE CONGREGATION APPROVED CHANGES IN TERMS OF CALL: \_\_\_\_\_ EFFECTIVE DATE: \_\_\_\_\_

MINISTER/CLP SIGNATURE \_\_\_\_\_ CHURCH REP. SIGNATURE \_\_\_\_\_

**A. CHANGES IN FINANCIAL COMPENSATION INCLUDED IN EFFECTIVE SALARY**

Lines 1-9 are compensation considered as part of "effective salary" for calculating Board of Pensions Benefits Plan dues.

For more detail, consult the booklet, "Understanding Effective Salary" distributed to pastors and churches by the Board of Pensions.

<u>2011</u>	<u>2012</u>	
\$ _____	\$ _____	<b>1. Annual Cash Salary</b>
\$ _____	\$ _____	<b>2. Housing Allowance (NOT MANSE AMOUNT)</b> Those with manses report on line 9. While not taxable as federal income, housing allowances are currently reported on the W-2 for state and local tax liabilities. It is the obligation of the minister to report any unused housing allowance as additional income subject to federal income tax.
\$ _____	\$ _____	<b>3. Utility and furnishing allowances</b> Do <u>not</u> include an amount here if manse utilities are <u>both</u> in the name of and paid directly by the church – these may be included in line 9 below. Cash allowances paid to the minister for manse utilities or furnishings are reported on this line. Ministers with a housing allowance should note that utilities and furnishings are allowable expenses in providing a home, and, for tax benefits, may wish to have such amounts included in their housing allowance rather than as a separate Utility/Furnishing line item.
\$ _____	\$ _____	<b>4. Medical Supplement</b> This line includes reimbursement for medical expenses such as co-payments and deductibles. (If a church has a [Section 125] group plan to reimburse <u>all</u> employees for such expenses, that should be reported on line 12f.)
\$ _____	\$ _____	<b>5. Social Security (Above 50%)</b> While any allowance given to a minister for his or her SECA tax is taxable income, only the amount which exceeds 50% of his or her obligation is included in calculating effective salary. The initial 50% should be reported on line 12c. (see note under Line 12c.)
\$ _____	\$ _____	<b>6. Deferred Income</b> This could include Retirement Savings accounts, annuities, 403(b), etc.
\$ _____	\$ _____	<b>7. Bonuses, Unvouchered allowances, Gifts</b> If a set allowance is paid for auto, study leave, book or business expenses it is reported on this line, as well as bonuses and gifts. See note (*) at end about allowances and benefits of using accountable reimbursement plans
\$ _____	\$ _____	<b>8. Other Applicable Income</b> (See Board of Pensions Documents)
\$ _____	\$ _____	<b>9. Manse Amount (NOT HOUSING ALLOWANCE)</b> Those with housing allowances report on line 2. For ministers provided a manse, this line must be at least 30% of the sum of lines 1,2,3,6,7,8. This is not a cash amount the minister receives, but the estimated "manse value" used to calculate effective salary and SECA tax obligations. If manse utilities are <u>both</u> in the name of and paid by the church, such an allowance may be added to the 30% figure.
\$ _____	\$ _____	<b>10. Total Effective Salary</b> (Sum of lines 1-9)
\$ _____	\$ _____	<b>11a. Benefits Plan Dues – Medical</b> [For 2012—20.25% of Line 10] Board of Pensions 2011 median salary is \$53,300. Minimum participation for medical part of plan is \$38,000. Cap for medical dues is \$117,000.
\$ _____	\$ _____	<b>11b. Benefits Plan Dues – Pension, Death, Disability</b> -----Death and Disability—1% [For 2012--12% of Line 10] (for detail on this, see Board of Pensions' Administrative Benefits Handbook) Board of Pensions 2012 median salary is \$53,300. Minimum participation for pension part of plan is 25% of median = \$13,325. Federal Cap for calculating portion of dues for 2012 has NOT DETERMINED AS OF PRINTING.

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

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

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<u>2011</u>	<u>2012</u>	
\$ _____	\$ _____	<b>12a. Travel Reimbursement*</b> This may be an estimated figure of a per mile reimbursement which will be paid as vouchered by the minister, or the estimated cost to the church when it provides a car with full expenses paid for by the church.
\$ _____	\$ _____	<b>12b. Professional Development reimbursements*</b> This line should contain the amount the church agrees to reimburse the minister for actual continuing education expenses when they are vouchered under an Accountable Reimbursement Plan. See note (*) at end about allowances and accountable reimbursement plans.
\$ _____	\$ _____	<b>12c. 50% SECA (Social Security) Offset</b> For income tax purposes, ministers are considered employees; for social security purposes, ministers are considered self-employed. As a result, ministers pay the SECA tax at a rate of 15.3%. While any allowance the church provides for SECA is taxable income for ministers, the church does not pay Benefits Plan Dues for amounts up to the first 50% of the minister’s estimated obligation. Any allowance over this 50% figure is to be reported on line 5.
\$ _____	\$ _____	<b>12d. Books/ Other Professional Expenses*</b> This could be for business meals, books, subscriptions, supplies, etc. Once again, these must be actual expenses and be vouchered by minister for reimbursement.
\$ _____	\$ _____	<b>12e. Other vouchered reimbursements*</b>
\$ _____	\$ _____	<b>12f. Group plan for deductibles, coinsurance, dental</b> ** MOST CHURCHES DO NOT QUALIFY FOR THIS. Please note in the “Understanding Effective Salary” booklet that this must be a qualifying, formal group plan offered to all employees. Most churches do not have an established (Section 125) plan and should therefore include any reimbursements for deductibles and co-payments on line 8.

\* Generally speaking, if something is called an allowance, a set amount is paid to an employee for which the employer does not require substantiation or a voucher. This has implications for both Benefit Plan Dues and taxes. For the benefit of both the minister and church, expenses for continuing education, books, subscriptions, automobile expenses, business expenses, etc. should be set up as accounts for which a voucher is submitted for reimbursement. While a church will want to put an amount for such accounts in their budgets, when any maximums are set for such accounts, they could be interpreted to be allowances. Of course, there should be an “understanding” between the church and minister of what are reasonable and allowable expenses.

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

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*Tax Guide for Ministers and Churches* is an excellent and comprehensive guide to many questions related to clergy taxation such as what can be counted in figuring a housing allowance.