

GUIDE TO COMPLETING PASTOR'S W-2 AND PAYING YOUR PASTOR

Last Updated 2/7/2024

On the back of this page is a sample Clergy Compensation Form that will be referred to in this guide. The sample form is for the fictitious Pastor Rousey who is appointed to the Pingree/Buchanan parish and lives in a church-owned parsonage. The parish pays Pastor Rousey semi-monthly on the 15th and last day of each month. Pastor Rousey does not have the parish withhold Federal Income Tax.

PAYING YOUR PASTOR

To calculate the amount to pay your pastor, use your pastor's most current clergy compensation form. See the calculation and example to the right for Pastor Rousey. If your pastor receives a cash housing allowance in lieu of a parsonage, it can be included in the regular paycheck or paid out separately.

| CALCULATION | EXAMPLE |
|--|-------------------------------|
| Total Compensation (Section I: C) | \$51,500 |
| – Each Salary Reduction (Section II: A,B,C,D,E) | – 3,355 – 1,200 – 1,931 |
| = Annual Amount Paid to Pastor | = \$45,014 |
| ÷ Number of Pay Checks in the Year | ÷ 24 |
| = Amount of Each Pay Check | = \$1,875.58 |

COMPLETING YOUR PASTOR'S W-2

When completing your pastor's W-2, you'll need to use the actual payroll records to confirm the amounts of compensation and withholdings.

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

Example: 51,500 – 5,000 – 3,355 – 1,200 – 1931 + 0 = \$40,014

| | | | | | |
|--|--|--|--|--|--|
| 22222 | | a Employee's social security number 123-45-6789 | | OMB No. 1545-0008 | |
| b Employer identification number (EIN) 46-1234567 | | 1 Wages, tips, other compensation 40,014 | | 2 Federal income tax withheld 0 | |
| c Employer's name, address, and ZIP code Buchanan United Methodist Church 101 Whalley St Buchanan, ND 58476 | | 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 Last name Suff. Ronda Rousey 105 Whalley St. Buchanan, ND 58476 | | 11 Nonqualified plans | | 12a E 1,931 | |
| | | 13 Statutory employee <input type="checkbox"/> Retirement plan <input checked="" type="checkbox"/> Third-party sick pay <input type="checkbox"/> | | 12b W 2,200 | |
| | | 14 Other Housing: \$5,000 | | 12c | |
| | | | | 12d | |
| f Employee's address and ZIP code | | 15 State Employer's state ID number ND 46-1234567 | | 16 State wages, tips, etc. \$40,014 | |
| | | 17 State income tax 0.00 | | 18 Local wages, tips, etc. | |
| | | | | 19 Local income tax | |
| | | | | 20 Locality name | |

Box 2: Zero unless your pastor has elected to have Federal Income Tax withheld

Box 10: The amount withheld for Dependent Care Account (Section II:C)

Box 12: Use the following codes if applicable:

- **E:** Before-Tax UMPIP (II:D)
- **BB:** ROTH UMPIP (II:F)
- **W:** HSA Contributions (II:A1+B)

Box 13: Check "Retirement Plan" if Direct Billed for Pension.

Form **W-2 Wage and Tax Statement**
Copy 1 – For State, City, or Local Tax Department

2024

Department of the Treasury—Internal Revenue Service

Box 14: This box is not required. Churches may use it to report the Housing Exclusion Designated (Section I:D), Cash Housing Allowance, and/or Parsonage Utilities paid by church.

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.

DISCLAIMER: For tax advice on your specific situation, contact a tax professional. This guide does not cover all the various situations, but should be a help to the majority of churches that are served by a full-time pastor.

2024 CLERGY COMPENSATION FORM

| | | |
|---|--|---|
| Pastor Name <div style="text-align: center; font-weight: bold; font-size: 1.2em;">Ronda Rousey</div> | Status <div style="text-align: center; font-weight: bold; font-size: 1.2em;">FE</div> | Check One <div style="display: flex; justify-content: space-between; font-size: 0.8em;"> • Full-Time ¾-Time </div> <div style="display: flex; justify-content: space-between; font-size: 0.8em;"> ½-Time ¼-Time </div> |
| Church/Parish <div style="text-align: center; font-weight: bold; font-size: 1.2em;">Buchanan</div> | Effective Date <div style="text-align: center; font-weight: bold; font-size: 1.2em;">1/1/2024</div> | |

| Breakdown of how Parish Expenses are shared among Churches | | | | |
|--|----------|---|---|--|
| Percent: | 100% | % | % | |
| Church Name: | Buchanan | | | |

| SECTION I: INCOME | |
|---|-------------|
| <i>Instructions: The Minimum Base Salary for a full-time clergy is: Full Connection - \$48,907; Less than Full Connection - \$46,649. Designated Housing Exclusion does not affect church financially but can reduce pastor's taxable income.</i> | |
| | 2024 |
| A. Base Salary | 51500 |
| B. Other (e.g. social security or health ins. allowance) | + |
| Describe: | |
| C. Total Compensation (Add lines A and B) | = 51500 |
| D. Designated Housing Exclusion | 5000 |

| SECTION II: SALARY REDUCTIONS | |
|--|-------------|
| <i>Instructions: These amounts are subtracted from the pastor's paycheck and remitted to the Dakotas Conference. Lines A, B, C, and D will reduce the pastor's taxable income as reported in Box 1 of the W-2.</i> | |
| | 2024 |
| Health Insurance | |
| A. HealthFlex Pastor's Share (Fund 20/21)..... | 3355 |
| A1. HSA Contribution – Employer contribution (Do not withhold as this is info for W2) | |
| __1000__ | |
| B. HSA Contribution – Employee Contribution to be deducted (Fund 22/23)..... | 1200 |
| C. Medical Reimbursement Account (Fund 25/26)..... | |
| D. Dependent Care Account (Fund 30/31) | |
| Pastor's Contribution to UMPIP | |
| E. Before-Tax (Tax Deferred) (Fund 35/36)..... | 1931 |
| F. After-Tax (Taxable) (Fund 40/41) | |
| G. ROTH (Taxable) (Fund 45/46) | |

