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		
Fach Salary Roduction	- 3,355		
 Each Salary Reduction (Section II: A,B,C,D,E) 	- 1,200		
(Section II. A,B,C,D,E)	- 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						
EEEEE	123-45-6789	OMB No. 154	5-0008				
b Employer identification number	(EIN)		1 Wa	ages, tips, other compensation	2	Federal income t	tax withheld
	46-1234567			40,014			0
c Employer's name, address, and	I ZIP code		3 Sc	ocial security wages	4	Social security ta	ax withheld
Buchanan United Methodist Church 101 Whalley St		5 M	edicare wages and tips	6	Medicare tax wit	hheld	
Buchanan, ND 58476							
			7 Sc	ocial security tips	8	Allocated tips	
d Control number			9		10	Dependent care	benefits
e Employee's first name and initia	al Last name	Suff.	11 No	onqualified plans	128	a	
					o d e	E	1,931
Ronda Rousey 105 Whalley St.				atutory plan Third-party sick pay	121 C od e	W	2,200
Buchanan, ND 58476			14 Ot	her Housing: \$5,000			
					120	н 	
f Employee's address and ZIP co	de						
15 State Employer's state ID num	ber 16 State wages, tips, etc.	17 State incom	ne tax	18 Local wages, tips, etc.	19 Lo	ocal income tax	20 Locality name
ND 46-123456	7 \$40,014		0.00	0			
Form W-2 Wage and Tax Statement 2024 Department of the				the T	reasury-Internal	Revenue Service	

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.

Copy 1-For State, City, or Local Tax Department

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		Status	Status Check One			
Roi	nda Rousey	FI	FE • Full-Time ¾-Tim ½-Time ¼-Time			
Church/Parish		Effective Date				
В	Buchanan 1/1/2024			4		
		I				
Break	down of how Parish E	xpenses are shar	ed among Chur	ches		
Percent:	100%	%	%			
Church Name:	Buchanan					
	OME imum Base Salary for a full-t. Designated Housing Exclusio					

 A. Base Salary
 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

Instructions: These amounts are subtracted from the pastor's paycheck and remitted to the Dakotas Conference. Lines A, B, C, and D when the reduce the pastor's taxable income as reported in Box 1 of the W-2.

Health Insurance	2024
A. HealthFlex Pastor's Share (Jund 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)	

2024 CLERGY COMPENSATION FORM

SECTION III: HOUSING		
<i>Instructions:</i> Cash Housing Allowance is determined by the church, usually in consultation with pastor and/or district superintendent. It can be paid out either with the paycheck or in a separate check.		
A. Is a Parsonage provided? (yes or no)	YES	
	2024	
B. Cash Housing Allowance (when no parsonage is provided)		

SECTION IV: LOCAL PARISH EXPENSES

Instructions: Lines A & B are billed by the Dakotas Conference. For full-time clergy couples, the HealthFlex Direct Bill is split evenly between them. Mileage is reimbursable at the IRS rate. Commuting is not reimbursable.

		2024
A. Pension Direct Bill (Fund 3; Calculation below)		11319
B. HealthFlex Direct Bill (Fund 4; \$15,635 for 2023 & 2024)	+	15635
C. Accountable Reimbursement Plan:	+	
1. Travel	+	
2. Continuing Education	+	1000
3. Other Reimbursed Expenses	+	
D. Other Expenses Paid by Parish	+	
Describe:		
E. Total Expenses Paid by Parish (Add Nets A – D)	=	27954

to calculate the Pension Direct Bill

Online Calculator: www.dakotasum.org \rightarrow Finance & Admin \rightarrow Finance \rightarrow Finance Forms \rightarrow Pension Direct Bill Calculator UMPIP **Pension Direct Bill CRSP-DB** CPP **CRSP-DC CRSP-DB** UMPIP CPP **CRSP-DC** Parsonage No Parsonage Same as **Total Compensation** Full-Time 5,108 2,349 CRSP-DC (Section I; Line C) Same as ¾-Time 125% 3,831 1,762 Housing (Section III) +Х CRSP-DC Pension ½-Time 2,554 0 1,175 \equiv \equiv Compensation Round to Nearest \$ 3% 3% Х Х CRSP-DC* \equiv =