

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 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"/> 14 Other Housing: \$5,000		12b W 2,200		
f Employee's address and ZIP code				12c 12d		
15 State ND	Employer's state ID number 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

SECTION III: HOUSING

Instructions: 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 Lines A – D) = 27954

EXAMPLE

How to calculate the Pension Direct Bill

Online Calculator: www.dakotasumc.org → Finance & Admin → Finance → Finance Forms → Pension Direct Bill Calculator

CRSP-DB	+	UMPIP	+	CPP	+	CRSP-DC	=	Pension Direct Bill
		CRSP-DB	UMPIP	CPP		CRSP-DC		Parsonage No Parsonage
Full-Time		5,108	2,349	Same as CRSP-DC		Total Compensation (Section I; Line C)		
¾-Time		3,831	1,762	Same as CRSP-DC		Housing (Section III)	x 125%	+
½-Time		2,554	1,175	0		Pension Compensation	=	=
						Round to Nearest \$	x 3%	x 3%
						CRSP-DC*	=	=