

# W-2 TRAINING WEBINAR

**INTRO** These were the documents presented at the 2016 W-2 Training Webinar. We will go step by step on how to complete a W-2 for a pastor using the Clergy Compensation Form

**WHAT YOU NEED** When completing your pastor's W-2, you should have the following:

- Blank W-2 Forms (can be obtained from office supply stores, print shops, or sometimes a local CPA)
- Copy of your pastor's Clergy Compensation Form
- Payroll data for the year including if any bonuses were given to the pastor or offerings taken for the pastor

<b>METHODOLOGY</b>	Total Compensation	<i>Section I: Line C</i>
–	Housing Exclusion Designated	<i>Section I: Line D</i>
–	HealthFlex Pastor's Share	<i>Section II: Line A</i>
–	Medical Reimbursement Acct	<i>Section II: Line B</i>
–	Dependent Care Acct	<i>Section II: Line C</i>
–	UMPIP Contrib. Before-Tax	<i>Section II: Line D</i>
+	Bonuses/Gifts Through Church	
=	<b>Box 1</b>	

**Box 2** = Amount withheld for taxes *Usually Zero*

**Box 10** = Dependent Care Acct *Section II: Line C*

**Box 12** = UMPIP Contrib. Before-Tax *Section II: Line D*  
*(Use Code E)*

**Box 13:** Check "Retirement Plan" if pastor is on UMC Pension Plan

**Box 14:** Optional, but usually report Housing Exclusion  
*(Section I: Line D + Section III Housing Allowance)*

**EXAMPLE #1** In the examples that follow, I'm going to use the fictitious Pastor Jonny Lang who is at Horace UMC in North Dakota. Pastor Jonny is paid twice a month (on the 15<sup>th</sup> and the last day). In the first example, Pastor Jonny lives in a parsonage. In the second example, Pastor Jonny receives a Cash Housing Allowance in lieu of a parsonage. Each example includes a sample Clergy Comp Form and a sample W-2. You can use the same methodology to complete your pastor's W-2.

Pastor Jonny has a Base Salary of \$40,000 and lives in a parsonage. \$3,000 of that salary has been designated as Housing Exclusion. In addition, Pastor Jonny has the following amounts withheld from his salary: HealthFlex Pastor's Share - \$4,232; Medical Reimbursement Account (MRA) - \$1,500; Dependent Care Account (DCA) - \$500; Before-Tax UMPIP Contribution - \$1,200. The church does not withhold for Federal or State Income Tax. He did not receive any bonuses or other gifts.

## W-2 TRAINING WEBINAR

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- Box 1 = \$29,568 ( $40,000 - 3,000 - 4,232 - 1,500 - 500 - 1,200$ )
- Box 2 = \$0
- Box 10 = \$500
- Box 12 = \$1,200 with Code E
- Box 13: Checked “Retirement Plan”
- Box 14: Reported “Housing: 3,000”
- Box 15-17: Reported the State Income Tax for North Dakota

**EXAMPLE #2** Same as Example #1 except no parsonage is provided. Instead, Horace UMC pays \$15,000 as a Cash Housing Allowance. Pastor Jonny has also increase his Designated Housing Exclusion to \$10,000.

- Box 1 = \$22,568 ( $40,000 - 10,000 - 4,232 - 1,500 - 500 - 1,200$ )
- Box 2 = \$0
- Box 10 = \$500
- Box 12 = \$1,200 with Code E
- Box 13: Checked “Retirement Plan”
- Box 14: Reported “Housing: 25,000” ( $10,000 + 15,000$ )
- Box 15-17: Reported the State Income Tax for North Dakota

EXAMPLE #1

**DAKOTAS ANNUAL CONFERENCE**

2015 CLERGY COMPENSATION FORM

<b>Parish:</b>	HORACE	<b>Pastor:</b>	JONNY LANG
<b>Cell #:</b>	701-123-4567	<b>Email:</b>	singing_sermonizer@horaceumc.org
<b>Effective Date:</b>	1/1/15	<b>Status:</b>	FE

*Minimum Compensation: Full Connection - \$38,981; Less than Full Connection - \$37,181*

**SECTION I: INCOME**

Percent paid by each congregation in the parish:

	100.0%	0.0%	0.0%	0.0%
	Church #1	Church #2	Church #3	Church #4
			<b>2014</b>	<b>2015</b>
<b>A. Base Salary</b> .....				40,000
<b>B. Other</b> (e.g. social security allowance) .....				
Describe:				
<b>C. Total Compensation</b> (Add lines A and B) .....				<b>40,000</b>
<b>D. Housing Exclusion Designated</b> .....				<b>3,000</b>

**SECTION II: SALARY REDUCTIONS**

*(The amounts listed in this section must be withheld from the pastor's Base Salary and remitted monthly. These are subject to a salary reduction agreement.)*

	2014	2015
<b>REMIT TO:</b> DAKOTAS CONFERENCE PO BOX 460 MITCHELL, SD 57301		
<b>A. HealthFlex Pastor's Share</b> (Tax Exempt) .....		4,232
<b>B. Medical Reimbursement Account</b> (Tax Exempt) .....		1,500
<b>C. Dependent Care Account</b> (Tax Exempt) .....		500
<b>REMIT TO:</b> GENERAL BOARD OF PENSION PO BOX 5184 CAROL STREAM, IL 60197-5184		
<b>D. Pastor's Contribution to UMPIP (Pastor's Personal Investment Plan)</b> (Before-Tax/Tax Deferred) .....		1,200
<b>E. Pastor's Contribution to UMPIP</b> (After-Tax/ Taxable) .....		

**Note:** For non-retired UM pastors, see instructions for calculating 1% matching contribution.

**DAKOTAS ANNUAL CONFERENCE**

2015 CLERGY COMPENSATION FORM

**SECTION III: HOUSING**

Is a Parsonage provided? ..... YES

	2014	2015
Cash Housing Allowance (when a parsonage is not provided) .....		

**SECTION IV: LOCAL PARISH EXPENSES**

	2014	2015
A. Direct Bill for HealthFlex (paid to Conference).....		11,431
B. Direct Bill for Pension (paid to Conference; See instructions to calculate 2015 amount).....		10,667
C. Parsonage Utilities.....		4,000
D. Accountable Reimbursement Plan (mileage reimbursed at IRS rate; commuting miles not reimbursable) ....		3,000
E. Other Expenses Paid by Parish .....		
Describe:		
F. Total Expenses Paid by Parish (Add lines A – E) .....		29,098

**SECTION V: SIGNATURES**

\_\_\_\_\_ **PASTOR** \_\_\_\_\_ **Date**

\_\_\_\_\_ **PASTOR/STAFF/PARISH CHAIRPERSON** \_\_\_\_\_ **Date**

\_\_\_\_\_ **DISTRICT SUPERINTENDENT or PRESIDING ELDER** \_\_\_\_\_ **Date**

<i>Church/Parish Treasurer's Contact Info</i>			
Name		Primary Phone	
Address		Secondary Phone	
City, State, Zip		Email	

*Submit a copy of this form to the Church/Parish Treasurer(s)*

<b>EXAMPLE #1</b>		<b>a</b> Employee's social security number 123-45-6789		OMB No. 1545-0008	
<b>b</b> Employer identification number (EIN) 46-1234567			<b>1</b> Wages, tips, other compensation 29,568.00		<b>2</b> Federal income tax withheld 0.00
<b>c</b> Employer's name, address, and ZIP code HORACE UNITED METHODIST CHURCH 426 LIBERTY LN HORACE, ND 58047			<b>3</b> Social security wages		<b>4</b> Social security tax withheld
			<b>5</b> Medicare wages and tips		<b>6</b> Medicare tax withheld
			<b>7</b> Social security tips		<b>8</b> Allocated tips
<b>d</b> Control number			<b>9</b>		<b>10</b> Dependent care benefits 500.00
<b>e</b> Employee's first name and initial JONNY LANG		<b>Last name</b> LANG	<b>Suff.</b>	<b>11</b> Nonqualified plans	
425 LIBERTY LN HORACE, ND 58047			<b>13</b> Statutory employee <input type="checkbox"/> Retirement plan <input checked="" type="checkbox"/> Third-party sick pay <input type="checkbox"/>		<b>12a</b> C C C C E   1,200.00
			<b>14</b> Other HOUSING: 3,000		<b>12b</b> C C C C C
					<b>12c</b> C C C C C
<b>f</b> Employee's address and ZIP code					
<b>15</b> State ND	Employer's state ID number 46-1234567	<b>16</b> State wages, tips, etc. 29,568.00	<b>17</b> State income tax 0.00	<b>18</b> Local wages, tips, etc.	<b>19</b> Local income tax
<b>20</b> Locality name					

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

2016

Department of the Treasury—Internal Revenue Service

EXAMPLE #2

**DAKOTAS ANNUAL CONFERENCE**

2015 CLERGY COMPENSATION FORM

<b>Parish:</b>	HORACE	<b>Pastor:</b>	JONNY LANG
<b>Cell #:</b>	701-123-4567	<b>Email:</b>	singing_sermonizer@horaceumc.org
<b>Effective Date:</b>	1/1/15	<b>Status:</b>	FE

*Minimum Compensation: Full Connection - \$38,981; Less than Full Connection - \$37,181*

**SECTION I: INCOME**

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	100.0%	0.0%	0.0%	0.0%
	Church #1	Church #2	Church #3	Church #4
			<b>2014</b>	<b>2015</b>
<b>A. Base Salary</b> .....				40,000
<b>B. Other</b> (e.g. social security allowance) .....				
Describe:				
<b>C. Total Compensation</b> (Add lines A and B) .....				<b>40,000</b>
<b>D. Housing Exclusion Designated</b> .....				<b>10,000</b>

**SECTION II: SALARY REDUCTIONS**

*(The amounts listed in this section must be withheld from the pastor's Base Salary and remitted monthly. These are subject to a salary reduction agreement.)*

	2014	2015
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<b>B. Medical Reimbursement Account</b> (Tax Exempt) .....		1,500
<b>C. Dependent Care Account</b> (Tax Exempt) .....		500
<b>REMIT TO:</b> GENERAL BOARD OF PENSION PO BOX 5184 CAROL STREAM, IL 60197-5184		
<b>D. Pastor's Contribution to UMPIP (Pastor's Personal Investment Plan)</b> (Before-Tax/Tax Deferred) .....		1,200
<b>E. Pastor's Contribution to UMPIP</b> (After-Tax/ Taxable).		

**Note:** For non-retired UM pastors, see instructions for calculating 1% matching contribution.

## DAKOTAS ANNUAL CONFERENCE

### 2015 CLERGY COMPENSATION FORM

#### SECTION III: HOUSING

Is a Parsonage provided? ..... NO

	2014	2015
Cash Housing Allowance (when a parsonage is not provided) .....		15,000

#### SECTION IV: LOCAL PARISH EXPENSES

	2014	2015
<b>A. Direct Bill for HealthFlex</b> (paid to Conference).....		11,431
<b>B. Direct Bill for Pension</b> (paid to Conference; See instructions to calculate 2015 amount).....		10,967
<b>C. Parsonage Utilities</b> .....		
<b>D. Accountable Reimbursement Plan</b> (mileage reimbursed at IRS rate; commuting miles not reimbursable) ....		3,000
<b>E. Other Expenses Paid by Parish</b> .....		
Describe:		
<b>F. Total Expenses Paid by Parish</b> (Add lines A – E) .....		25,398

#### SECTION V: SIGNATURES

\_\_\_\_\_ **PASTOR** \_\_\_\_\_ **Date**

\_\_\_\_\_ **PASTOR/STAFF/PARISH CHAIRPERSON** \_\_\_\_\_ **Date**

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Address		Secondary Phone	
City, State, Zip		Email	

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<b>b</b> Employer identification number (EIN) 46-1234567			<b>1</b> Wages, tips, other compensation 22,568.00		<b>2</b> Federal income tax withheld 0.00
<b>c</b> Employer's name, address, and ZIP code HORACE UNITED METHODIST CHURCH 426 LIBERTY LN HORACE, ND 58047			<b>3</b> Social security wages		<b>4</b> Social security tax withheld
			<b>5</b> Medicare wages and tips		<b>6</b> Medicare tax withheld
			<b>7</b> Social security tips		<b>8</b> Allocated tips
<b>d</b> Control number			<b>9</b> [REDACTED]		<b>10</b> Dependent care benefits 500.00
<b>e</b> Employee's first name and initial JONNY LANG		<b>Last name</b> LANG		<b>Suff.</b>	
425 LIBERTY LN HORACE, ND 58047			<b>11</b> Nonqualified plans		<b>12a</b> C C C C E   1,200.00
			<b>13</b> Statutory employee <input type="checkbox"/> Retirement plan <input checked="" type="checkbox"/> Third-party sick pay <input type="checkbox"/>		<b>12b</b> C C C C C
			<b>14</b> Other HOUSING: 25,000		<b>12c</b> C C C C C
					<b>12d</b> C C C C C
<b>f</b> Employee's address and ZIP code					
<b>15</b> State ND	Employer's state ID number 46-1234567	<b>16</b> State wages, tips, etc. 22,568.00	<b>17</b> State income tax 0.00	<b>18</b> Local wages, tips, etc.	<b>19</b> Local income tax
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