

Southeastern Minnesota Synod, ELCA

TOP TEN REASONS TREASURERS CALL THE SYNOD OFFICE

10. Where do I find the salary guidelines?

The 2006 Compensation Guidelines approved by the 2006 Synod Assembly are on the synod's web site at <http://www.semnsynod.org/compguide07.pdf>

9. What is the policy for vacation for employees other than the pastor?

There is not an easy answer for this question – it depends upon your congregation's personnel policies. Does your congregation have personnel policies? The synod's policy manual is available on the web site at www.semnsynod.org/policymanual.pdf. The synod's policy can be a guide to developing your own policies.

8. Should church members use the computers in the church offices?

Does your congregation have a computer use policy? The synod has adopted an Electronic Communication Policy that addresses computer use in the synod office. It is available at www.semnsynod.org/electcommpolicy.pdf. This policy addresses computer use and responsible use of the internet and e-mail. The synod's policy can be a guide to developing your own policies.

7. How do I figure out how much the medical coverage will cost for the pastor?

Visit the Board of Pensions ELCA web site at www.elcabop.org. There is a column labeled Contribution Amounts. Click on that calculator and enter the information. You need to know that our synod is in Rate Class 3. The calculator will tell you the monthly and annual contribution for medical and pension benefits.

6. How do I figure out what the Social Security allowance is?

Another calculator on the Board of Pensions web site is the Defined Compensation calculator. For pastors you need to know the Defined Compensation to calculate the Contribution Amounts. Part of the Defined Compensation calculator will figure the Social Security allowance for you.

5. How does housing work?

Here is the fine print:

Pastor has NO parsonage --

- **The pastor designates a portion of salary for housing allowance; the church council must officially designate part of the salary as a housing allowance before the payment is made. The amount of housing allowance cannot be determined at a later date. That means it must be in the church council minutes of last year for this year.**

Pastor lives in a parsonage --

- **The congregation must designate the fair rental value of the home, including furnishings, plus the cost of utilities. This must also be designated ahead of when payment is made.**

There are a number of resources available on the Board of Pensions web site:

- **Housing Allowance for ordained pastors living in owned or rented home**
- **Tax issues for ordained pastors living in church-provided housing**
- **Taxes and clergy housing**
- **Questions ordained minister ask about taxes**

4. Can you send me more of those forms to send with our checks?

In past years, treasurer's received a packet from the synod office, usually in January. We used to provide treasurers with 13 two-part NCR forms and 13 envelopes addressed to the bank lockbox. Three years ago in an effort to reduce costs, we went to a form available on the web site at www.semnsynod.org/congremittance06.pdf. Every year in December we send you a sample copy of the remittance form, a sheet of labels addressed to the bank and a sheet of labels with your congregation name and number.

3. How long should we keep financial records?

Records retention is not only important for financial records but for all church records. The ELCA has a records retention policy that is very helpful to congregational leaders. You can download a copy of the records retention policy from the ELCA web site at www.elca.org/treasurer/congregations/index.html. There is also a link to a handbook of Resources for Congregational Treasurers and Bookkeepers that can be downloaded at that same site. Both of these documents address retention policies for financial records.

2. Do we have to do an audit?

The simple answer is yes, of course!

Why have an audit?

- **To obtain independent assurance that all financial records fairly represent the financial condition of the church.**
- **To insure that the year's financial activity has been properly recorded in accordance with generally accepted accounting principals.**
- **To insure adherence with the policies and procedures established by the congregation.**
- **To maintain confidence in the integrity of the congregation's financial system and the persons responsible for handling the finances.**

page 35, Resources for Congregational Treasurers and Bookkeepers

And the number one reason treasurer's call the synod office is:

1. How do I fill out the pastor's W-2?

What is taxable income?

- **Cash salary (less any amount designated by the pastor for voluntary salary reduction for optional pension deposits)**
- **Any special gifts raised by the congregation on behalf of the pastor**
- **Social Security allowance**
- **Bonuses**
- **Debt forgiven**
- **Personal use of church owned auto¹**
- **Expenses reimbursed under a non-accountable plan**
- **Reduced interest on a loan**
- **Speaking fees, wedding honoraria, etc**

What is not taxable income?²

- **Portion of cash salary designated as housing allowance by a pastor who owns or rents a home**
- **Fair rental value of a parsonage**
- **Housing information can be reported in Box 14. It is not necessary to put 'ordained minister' in this box.³**

¹ The IRS suggests that congregations not supplying an auto for the pastor's use adopt a policy statement stating that the congregation will not furnish a car and that it expects the pastor to furnish his or her own car in order to minister to the needs of the parish. It is advisable to adopt a statement no matter which accounting plan your pastor uses for tax purposes. The best plan is for the congregation to reimburse the pastor at the end of the month or at least quarterly for any business miles driven.

² When calculating Social Security tax include: salary (including salary reduction contributions to pension), housing allowance or fair rental value of the parsonage, furnishings and utilities allowance, and the Social Security allowance.

³ This W-2 information taken from Tax Tips for the Clergy, © July 2005 National Association of Tax Professionals and treasurers' & administrators' guide, ELCA Board of Pensions, January 2004. These tips are meant to answer some of the frequently asked questions received about W-2's for pastors. This information is not meant to replace advice of an accountant.

Other things you should know:

Where are the congregation's Articles of Incorporation?

If the congregation is organized under Minnesota Statute 317, the congregation can be located on the web site of the Minnesota Secretary of State at http://da.sos.state.mn.us/minnesota/corp_inquiry-find.asp. A copy of the Articles can be obtained from the Secretary of State for a small fee.

If the congregation is organized under Minnesota Statute 319, check with the County Clerk in the county where the congregation is located.

The synod office does not have copies of Articles of Incorporation for congregations.

If you get notice from the Secretary of State regarding the corporate status of the congregation, don't ignore it. Complete the form and send it back.

Constitution and Bylaws of the Congregation

Has the constitution been updated in the last 5 years? If not, you may want to encourage your council to do that and adopt a policy to review the constitution and bylaws on a regular basis. The Model Constitution for Congregations of the ELCA is available on the synod's web site at www.semnsynod.org/res-const.html. The ELCA Churchwide Assembly adopts changes to the model constitution at each assembly. In many cases, there are required provisions to congregation constitutions that must be included in your constitution.

I-9 forms.

Under federal law, all employees – including the smallest of congregations – must have a form on file that verifies the employment eligibility and identity of each employee. The Immigration Reform and Control Act required all U.S employers to complete the Employment Eligibility Verification form (Form I-9) for all employees, including U.S. citizens. See the synod web site at www.semnsynod.org/newsbytes/i9.html to download the form.