

CLERGY SALARY EXCLUSIONS

The following information is based on information available through the General Council on Finance and Administration. It is not intended to address every issue involved in a clergy compensation package.

The NCNY Conference, and the GCFA, are not engaged in providing legal or personal accounting services. The service of a competent professional should be sought for legal and tax advice.

Below please find a sample of some income exclusions that may pertain to your pastor and his/her salary package. This sample is intended to help you determine where on the pastor's W-2 form these items should be placed ... **if at all**. Some non-taxable items include amounts sent to the General Board of Pension & Health Benefits for "before tax" contributions, and housing exclusions/allowances.

EXAMPLE: Please note that this is only meant as an example and these items might not apply to your situation.

Gross Salary	\$ 35,000.00	
Before Tax PIP (deducted from salary and paid to GBOPHB)	1,500.00	<i>W-2 Box 12a, enter "E" + \$ amount & check Box 13: Retirement Plan</i>
Pastor Personal Contribution (deducted from salary for Conference Health Plan; paid on monthly bill)	924.00	<i>Not included on W-2</i>
Flex Spending Plan (deducted from salary for medical reimbursement; paid to Conference on monthly bill)	1,000.00	<i>Not included on W-2</i>
Housing Exclusion (Furnishings Allowance; paid to pastor)	5,000.00	<i>May be included on W-2, Box 14* (not required)</i>
Taxable Cash Salary	\$ 26,576.00	<i>W-2 Box 1 & 16</i>
Housing Allowance (in lieu of parsonage; paid to pastor)	\$14,000.00	<i>May be included on W-2, Box 14* (not required)</i>

*If not included on W-2, amount should be supplied to pastor with their copy of the W-2 because this amount must be included in their Social Security earnings.