

2010 Salary & Benefits Package Guidelines California-Pacific Annual Conference

An Approved Salary & Benefits Package form must be completed

* for all appointed pastors in churches, start-ups and missions
as of January 1, 2010

* for a pastor going to a new appointment at any time (July 1 or interim)

For all pastors continuing in appointments at local churches as of January 1

Salary package form is completed at charge conference. The signed form is returned to the District Office by the church. The District Office retains the signed form, and enters the information in the conference's Salary & Benefits database. The Conference Pensions Office retrieves the data from the database and enters the information into the Conference and General Board billing systems.

For July 1 and other appointment changes

Salary package form is completed in draft form by the District Office. The District Superintendent reviews the form with the new church's SPRC and pastor, makes any necessary adjustments, obtains signatures, and returns the form to the District Office. The District Office retains the signed form, and enters the information in the conference's Salary & Benefits database. The Conference Pensions Office retrieves the data from the database and enters the information into the Conference and General Board billing systems.

For interim salary & benefits changes (including July 1 salary changes without new appointment)

Salary package form is completed by the church and submitted to the District Office. The District Office retains the signed form, and enters the information in the conference's Salary & Benefits database. The Conference Pensions Office retrieves the data from the database and enters the information into the Conference and General Board billing systems.

GENERAL INFORMATION FOR SALARY FORM COMPLETION

Method of Payment

The way in which the pastor receives a payment determines whether it is part of his/her salary for purposes of calculating some clergy benefits.

Items that are paid as allowances to the pastor without a receipt are considered part of Adjusted Salary. When the Adjusted Salary is combined with the housing allowance or the parsonage allocation, the total is called "Plan Compensation" and is recorded in Line 14. Plan Compensation is used to calculate the Clergy Retirement Security Program-Defined Contribution (CRSP-DC) and the Comprehensive Protection Plan (CPP).

Items that are paid to the Conference for benefits, directly to vendors for services, or reimbursed to the pastor following presentation of a receipt are not considered part of the salary.

Mark each item on the salary form with the way in which the pastor receives the item.

Note: A method of payment letter code (A, B, D or R) or NONE must be entered in the Method of Payment column for the self-calculating Excel form to compute the totals. NONE must be entered as the Method of Payment if the church does not include that item in the pastor's salary & benefits package. NONE should only be entered in the Method of Payment column if the line item in the Amount column is listed as 0.

A=Allowance paid to the pastor without receipt

B=Payment for **B**enefit, ie: insurance, CRSP-DC, CPP

D=Direct payment to vendor, ie service provider, utility company

R=Reimbursed to the pastor following presentation of receipt or voucher

LINE-ITEM SPECIFIC INFORMATION FOR SALARY FORM COMPLETION

Line 1—Salary

This is the base salary before it is adjusted for tax purposes.

Lines 2 – 11—Expenses, Allowances and Reimbursements

For assistance in determining whether items are allowances or reimbursable expenses, including the recommendations and requirements for setting up a reimbursement account, please refer to the website for the General Council on Finance and Administration (www.gcfa.org) and click "Most Requested," then "Tax Packet." For a medical reimbursement benefit under Section 125 of the Internal Revenue Code, it is recommended that a qualified tax advisor be contacted.

Special notice: Social Security is not paid by the church directly to the IRS. If an amount is paid to the pastor for self-employment taxes, this amount should be shown as an allowance.

Line 12—Adjusted Salary

This is a total of all the items that make up a pastor's cash salary, and is combined (on Line 14) with the housing figure to equal the total plan compensation on which the CRSP-DC and CPP contributions are calculated.

Housing

Housing is used in the calculation of CRSP-DC and CPP contributions.

Line 13a is for a housing allowance paid to a pastor who does not live in a parsonage.

Line 13b is the value of housing that is assigned to a pastor who lives in a parsonage. The standard amount, as dictated by the terms of the plans designed by the General Board of Pensions and adopted by General Conference, is 25% of the adjusted salary (Line 12).

Line 14—Plan Compensation

This is the figure from which CRSP-DC and CPP are calculated. It is arrived at by adding the adjusted salary (Line 12) and either the housing allowance (Line 13a) or parsonage figure (Line 13b).

Lines 15a & 15b—Health Insurance Premiums & Health Benefit Payments

Conference rules require that all clergy receive health insurance at the cost of the church they serve. [(Journal/Fiscal Rules (XI.P.3)]. For clergy enrolled in conference-sponsored health plans, enter the cost on Line 15a with B indicated in the Method of Payment column. The estimated increase in health insurance premiums for 2010 is 11%. Actual rates will be available and published in October, 2009. [Hawaii clergy & churches have different rates; please contact your district office for a rate sheet!]

For clergy enrolled in a health plan that is not sponsored by the conference, enter the amount on Line 15b with B indicated in the Method of Payment column. For health benefit payments made directly to the pastor, the church and the pastor should retain documentation as to the carrier and total cost of the insurance. Be sure to consult a qualified tax professional regarding taxation issues relating to health insurance.

Line 16—Dental Insurance

Dental insurance is an optional benefit. The cost of the benefit should only be listed on Line 17 if the church has elected to pay for it. The estimated increase in dental insurance premiums for 2010 is 10%. Actual rates will be available and published in October, 2009. [Hawaii clergy & churches have different rates; please contact your district office for a rate sheet!]

General Information About the Clergy Retirement Security Program (CRSP)

CRSP is the pension plan that has been in effect since January 1, 2007, and has two components: the Defined Contribution (DC) and the Defined Benefit (DB).

Defined Contribution (DC): The benefit the pastor will receive from the DC component when he/she retires is based on the actual dollars going in, plus earnings, and will be a finite amount of money that he/she will have 100% access to upon retirement.

Defined Benefit (DB): The benefit the pastor will receive from the DB component will be based on his/her years of service under the plan and the Denominational Average Compensation (DAC) at the time he/she retires, and will provide a monthly benefit for life.

Line 17—CRSP-DC (Clergy Retirement Security Program-Defined Contribution)

The Defined Contribution (DC) amount is charged to the church for each pastor serving that church. The standard contribution (including a small service charge) is 3.1% of the pastor's plan compensation found on Line 14 (adjusted salary plus housing).

To obtain the annual CRSP DC figure, multiply the plan compensation (Line 14) by 0.031.

Line 18—CRSP-DB (Clergy Retirement Security Program-Defined Benefit)

The benefit pastors will receive from the Defined Benefit component of CRSP upon retirement will be based on their years of service under the plan and the Denominational Average Compensation at the time they retire, and will provide a monthly benefit for life. Since this is a guaranteed benefit for life (an annuity), the Defined Benefit component of CRSP must be funded with annual contributions by the conference to make sure there will be enough money in the fund for those who need it upon retirement. The money that goes to pay this annual obligation does not relate to a specific pastor. It is simply to make sure the plan is funded for the future for the benefit of all the eligible pastors of the conference, including the current church's pastor.

The actuaries at the General Board of Pension and Health Benefits tell each conference what their annual CRSP DB obligation is, and it is up to the conference to determine how this amount will be funded each year.

From 2007 through 2009, Cal-Pac Annual Conference voted to fund the CRSP-DB out of the surplus in the pre-82 pension plan. In lieu of billing churches for this amount, the churches were billed for an amount that covered the cost of retiree health care, health care for pastors on incapacity leave, and for part of that time, a reserve for future health care. This was called the Conference Clergy Benefit Charge (CCBC). The items formerly billed under CCBC will be apportioned in 2010.

In 2010, the pre-82 surplus will no longer be available for the purpose of CRSP-DB funding, and the Annual Conference voted to bill the churches for the CRSP-DB on a pro-rata basis, using a formula relating to the plan compensation of their current pastor. This amount does not go directly into the current pastor's pension account like the Defined Contribution does. It goes to the General Board of Pensions to help fund Cal-Pac's total CRSP DB obligation for 2010. The billing rate for 2010 is 12%.

To obtain the CRSP DB figure, multiply the plan compensation (Line 14) by .12.

Line 19—Comprehensive Protection Plan (CPP)

This is the death and disability plan for clergy.

For 2010 the CAC is \$57,283.	60% of the CAC is \$34,370.
For 2010, the DAC is \$60,341.	3.5% of the DAC is \$2112.

- *Group 1:* If the pastor is an elder, deacon, or full-time local pastor serving full-time (100%) and earning at least 60% of the Conference Average Compensation (CAC), multiply total plan compensation (Line 14) by 0.031.
- *Group 2:* If the pastor is an elder, deacon or full-time local pastor serving full-time (100%) but for whom plan compensation is below 60% of the CAC, multiply the Denomination Average Compensation by 0.035 for an annual figure of \$2112.
- *Group 2:* If the pastor is an elder or deacon serving 75%, multiply the Denomination Average Compensation by 0.035 for an annual figure of \$2112.
- *Group 3:* If the pastor is an elder or deacon **serving 50% or 25%**, CPP coverage is **optional** at the pastor's expense. This amount would not be listed because the church is not responsible for payment. The pastor should contact the Conference Pensions Office for information.
- *Group 3:* If the pastor is a part-time local pastor or student local pastor, there is no eligibility to CPP.
- *If the pastor is appointed & retired, or a member of another denomination, contact your district office for additional information.*

Line 20—Total Salary, Housing & Benefits

This is a total of all items for which there is a value in the third column (titled Amount) of the form. Please note that this line will not calculate unless the Method of Payment column is complete.

Frequently Asked Questions (FAQ) Regarding the Excel Form

1) The document doesn't open properly and the columns aren't aligned. What could be wrong?

Answer: The document was designed for Microsoft Office Excel 2003. If you are using an earlier version of this software or other mostly compatible software (Quattro Pro, Open Office, Google Spreadsheets, etc) the form may not load or work properly. Please use Microsoft Excel 2003 or newer versions.

If you need spreadsheet software, one free option is Open Office. You can read about it and download it at <http://www.openoffice.org>. The "Calc" program is a spreadsheet that is designed to work with Excel files.

2) I can't get the Excel version of the form to calculate totals. What did I do wrong?

Answer: Check that you have entered "X" in response to questions a, b and c at the top of the form. Also be sure that *every line item* has a Method of Payment entered – A, B, D, R or the word NONE. If you have not completed these items, lines 12 and 14 will display "column not complete!" as a reminder.

3) I can't get the Excel version of the form to print on a single page.

Answer: Every printer is different. The form has been designed to fit on one page for most printers, but it is not a full-proof process. If your form will not fit on one page, you can force it to by going to File > Page Setup > Select "Fit to 1 page wide by 1 page tall."

4) My church has a pastor with a split appointment. What should I do?

Answer: There is a special form for churches who share a clergy member with another church. Please be sure you have the 2010 Salary & Benefit 2-point Form, which can be sent to you by the district office. Plan to work with the pastor's other church to complete the document.

5) I still have questions. What do I do?

Answer: Unfortunately, the conference cannot answer or provide support for your software or computer. We will, however, do our best to assist you with this form and its completion. If the information above did not answer your question, please contact your district secretary for assistance with the form. For additional questions regarding the CRSP-DB funding, please call the Office of Pensions and Health Benefits as 626-568-7318.