

HOUSING RESOLUTION

General Information: To be eligible, the clergy person must be BOTH: (1) ordained, licensed or commissioned by the United Methodist Church, AND (2) appointed by the Bishop to the position at this church or salary paying unit. Clergy can exclude a portion of their income designated by their church or salary paying unit as a "Housing Allowance" under Section 107 of the Internal Revenue Code. To be excludible, amounts designated as a housing allowance must be used to provide housing and must not exceed the fair rental market value of the home. The housing allowance is an exclusion from income, not a deduction. This means it is not reported as part of the gross income for federal income tax purposes but is reported for social security tax and Medicare tax purposes. The cash paid for housing purposes along with the fair rental value of the parsonage (if provided) must be included in as part of the pastor's gross income for self-employment tax.

The Charge Conference/Church Council of _____ United Methodist Church on the _____ Day of _____, 201__, after considering the statement of Rev. _____ who meets the above qualifications (1) and (2), setting forth the amount s/he estimates s/he will spend to provide a home for himself/herself and family during the year 201__, on a motion duly made and seconded, adopt the following resolution: Whereas Section 107 of the Internal Revenue Service code of 1986 had provided that a Minister of the Gospel may exclude from gross income the rental value of a home provided and any allowance to provide a home, therefore be it resolved:

Complete Part A or Part B

PART A – when the church provides a parsonage

1. Rev. _____ shall have the rent-free use of the home located at _____, Florida for the year 201__ and for every year thereafter so long as s/he is Pastor of this United Methodist Church unless otherwise provided.
2. If, in addition to the parsonage, the pastor requests that some of his/her income be designated for housing purposes, also complete this paragraph:
Rev. _____ shall receive an additional housing exclusion of \$ _____ for the calendar year 201__. *(This is what the Clergy estimates that they will spend on furniture and other household items, and s/he will retain appropriate documentation for the Internal Revenue Service.)*

PART B – when the church provides cash instead of a parsonage

1. Rev. _____ shall receive an annual amount of \$ _____ (income/cash in lieu of parsonage) for housing in the calendar year 201__ and all future years unless otherwise provided.
2. If, in addition to the housing income/cash granted in PART B.1 (above), the pastor requests that an additional amount be designated for housing purposes, also complete this paragraph:
Rev. _____ shall receive an additional housing exclusion of \$ _____ for the calendar year 201__ and all future years unless otherwise provided.
3. **Summary:** The pastor is provided an annual total housing exclusion amount of \$ _____ (B.1 plus B.2) for the calendar year 201__ and all future years unless otherwise provided.

Signature: Finance Chair or
Council/Board Chair

Date

Pastor Signature

Date

ACCOUNTABLE REIMBURSEMENT POLICY

The _____ United Methodist Church (“Church”) recognizes that certain expenses of ministry paid by the pastor/staff person are part of the ordinary and necessary costs of ministry in this Church/charge. Accordingly, we hereby establish an accountable reimbursement policy to defray them directly. The reimbursement account shall be an annual line item in the church budget. It shall be in addition to the pastor’s annual salary and housing. The reimbursement account for 201_ shall be \$ _____. (*Amount may be determined by using the Accountable Reimbursement Worksheet.*)

The following requirements for the policy are binding upon the Church and upon _____, its pastor/staff person.

Accordingly, the Church hereby establishes an accountable reimbursement policy, pursuant to I.R.S. regulations and upon the following terms and conditions:

1. The pastor/staff person shall be reimbursed from the reimbursement account for his/her ordinary, necessary and reasonable business expenses incurred in the conduct of the ministry for and on behalf of the Church. The following expenses are budgeted in this accountable reimbursement policy, as suggested for the employment needs of the pastor/staff person. (See Accountable Reimbursement Policy Worksheet)
2. The Committee on SPR Chairperson, Church payroll person or treasurer, (as designated by the Church) must be given an adequate accounting of each expense, including but not limited to a statement of expense, account book diary, or other similar record showing the amount, date, place, business purpose, and business relationship involved. Such documentation shall include receipts for all items of \$25 or more. Appropriate documents, cash receipts, canceled checks, credit card sales slips, and contemporaneous records for those non-receipt expenses less than \$25.00 must be attached to each expense report. A log of total miles per day and enumeration of their general purpose shall suffice to substantiate automobile mileage, but under no circumstances will commuting mileage between the pastor’s home and Church office be reimbursed. Copies of the documentary evidence and expense report shall be retained by both the pastor/staff person and the Church. The Committee on SPR Chairperson (or Treasurer) shall be responsible for approving the expense. The Committee on SPR Chairperson (or Treasurer) shall exercise his/her discretion regarding the adequacy of the substantiation and the appropriateness of any reimbursement. Questions arising in these areas will be resolved by the SPR Chairperson’s or Treasurer’s decision, subject to the review and approval of the Committee on SPR/Committee on Finance.
3. It is the intention of this policy that reimbursements will be paid after the expense has

been incurred by the pastor/staff person. However, should circumstances require payment of an advance for any particular anticipated expense, the pastor/staff person must account for the expense and return any excess reimbursement within 30 days of the issuance of the advance. Any excess advance must be returned to the Church before any additional advances are provided to the pastor/staff person.

4. Budgeted amounts not spent must not be paid as a salary bonus or other personal compensation. If such payments are made, the entire amount of the accountable reimbursement policy (Item 11) will be taxable income to the pastor/staff person. The Church will be required by law to report that amount as part of the pastor's/staff person's compensation. Disposition of any unspent balances remains at the discretion of the Committee on Finance and the Administrative Council or Board in building the budget for the next Church year.
5. It is understood by the various parties that all elements of this resolution must be carefully followed to prevent the Church from being required by regulation to list total payments for the following items on I.R.S. information reports (W-2/1099-MISC) as "includable compensation." The primary responsibility of expense reporting is for the pastor/staff person to the Committee on SPR Chairperson, church payroll person and/or Treasurer.

Adopted on _____, by the Administrative Council/Board

(Charge Conference) of the _____ United Methodist Church.

Chair, Administrative Council/Board

Committee SPR Chairperson/Church Treasurer

Pastor/Staff Person

Secretary

This is a sample of an Accountable Reimbursement policy. The specifics of each policy should be reviewed by each church and minister considering their specific concerns. If legal or tax advice is required, the services of a competent professional advisor should be sought.

ACCOUNTABLE REIMBURSEMENT POLICY WORKSHEET

The following are suggested items for inclusion in this Accountable Reimbursement Policy. It is only the bottom total under "11" which is put in the policy itself. This worksheet is for budgeting purposes and it is permissible for the reimbursed individual to shift items from one area to another.

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| 1. | Automobile (standard federal mileage rate), parking and tolls | \$ _____ |
| 2. | Office supplies and postage | \$ _____ |
| 3. | Office equipment, computer and software | \$ _____ |
| 4. | Books, subscriptions and periodicals, such as professional journals | \$ _____ |
| 5. | Professional dues | \$ _____ |
| 6. | Religious materials, vestments and business gifts | \$ _____ |
| 7. | Continuing education and seminars (as approved by the SPR Comm. and/or the Comm. on Finance) | \$ _____ |
| 8. | Entertainment required for Church business | \$ _____ |
| 9. | Travel fares, lodging and meals while on business for the Church | \$ _____ |
| 10. | And other such business expenses, if any (as approved by the Comm. on Staff Parish Relations and/or Comm. on Finance) | \$ _____ |
| 11. | TOTAL | \$ _____ |

** Total in this column must be the same as total reimbursement amount set forth in the first paragraph of the Policy. Administrative Council/Board action is required for an increase to item "11" (total). To allow for the pastor/staff person's spending discretion, only item "11" is necessary to be reported as a line item in the Charge Conference approved budget and in the policy document. Circumstances dictate that the above expenses will vary from church to church and from time to time. Nonetheless, expenses assumed by the pastor/staff person in excess of Total are not excludable from reported compensation. Expenses in excess of reimbursement may or may not be deductible, from taxable income on the pastor/staff person's tax return. Rev 07/30/09*