

MINISTER'S REQUEST TO ACCEPT LESS SALARY IN LIEU OF TITHE

Several inquiries have been received by the Treasurer's Office (almost all of which are coming from SPR chairs, finance chairs and church treasurers) concerning clergy renouncing in advance a portion of their salary, in lieu of a tithe, for the purpose of obtaining tax benefits. The purpose of this article is to express serious concerns about not only the legality, but also the ethics of using this strategy. The information presented in this article has been reviewed by the legal department of the General Council on Finance and Administration and is presented with the unanimous support of the Bishop, Cabinet and Conference Chancellors.

First, there is a moral issue for the clergy who, as spiritual leaders of their churches, should set an example of sacrificial giving. Second, since this is a change in clergy compensation, Charge Conference approval would be required. It will also affect the salary upon which they would move to the next appointment, as well as, the level of salary of the incoming pastor. Third, a pastor's re-labeling of a portion of his or her salary could directly affect the pension contribution on the pastor's benefit. In addition, it may reduce the amount a pastor can contribute as a voluntary contribution to his/her pension plan. Fourth, it is unethical to have one salary set by the Charge Conference and reported on the Master List salary of the clergy and another negotiated with the local church for personal tax purposes.

The Cabinet has agreed that if this plan is already in effect at your church at the present time, it is probably as well to complete the year, but in the following year and beyond, current plans employing this tax strategy should be discontinued and no new plans begun. If you would like a copy of the General Council on Finance and Administration memorandum, you may contact the Conference Treasurer's Office at 1-800-768-6040 or 804-521-1100.

November 17, 1999

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