

2023 Clergy Compensation W2 Calculation


<u>Compensation included</u>	<u>Amount</u>	<u>Report on W2</u>
1. Base salary paid (excludes Acct'ble reimbursement)	48,000.00	
2. Cash allowances		
a. Travel allowance	-	
b. Housing allowance	15,000.00	
c. Utilities allowance (excluding heat)	-	
d. Other cash allowances	-	
3. Moving expenses paid or reimb by church	2,350.00	
4. Group Term Life Insurance (see age chart below)	129.00	Box 12 Code C
	<u>65,479.00</u>	
Exclusions		
1. Housing Exclusion approved Charge Conf	20,000.00	Box 14
2. <u>Employee contributions</u> deducted from pay for		
a. Medical, dental, vision plan	3,240.00	
b. Health Savings Account (HSA)	-	Box 12 Code W
c. Flexible Spending Account (FSA)	-	
d. Dependent Child Care	1,200.00	Box 10
e. Personal pension payments (Pre-tax only)	900.00	Box 12 Code E
	<u>25,340.00</u>	
Compensation total less Exclusions	<u>40,139.00</u>	Box 1 and 16

2023 Virginia Conference Clergy Group Term Life Insurance Premiums

Active clergy in the Virginia Conference who are enrolled in the Comprehensive Protection Plan (CPP) through VUMPI had group term life insurance for 2023 in the amount of \$75,000. This was comprised of benefits through CPP and a supplemental benefit through the Virginia Conference. The IRS excludes the first \$50,000 of employer-provided life insurance coverage from taxation, while the imputed cost any coverage exceeding that amount must be reported as income on the employees W2. **Accordingly, all clergy enrolled in CPP in 2023 had \$25,000 in group term life insurance coverage that must be reported as income for the 2023 tax year.** The below table from IRS Publication 15-B provides the cost of the coverage. Clergy age for purposes of determining the imputed cost of coverage is the clergy's age as of December 31, 2023.

<u>Age as of 12/31/2023</u>	<u>Clergy's Equivalent Cost / \$1,000 per mth</u>	<u>Sample calculation for 57 yr old</u>
Under 25	0.05	Excess insurance per \$1,000
25 thru 29	0.06	times the rate based on age
30 thru 34	0.08	times the # of months worked
35 thru 39	0.09	Equals Total on W2
40 thru 44	0.10	(Box 12 code C)
45 thru 49	0.15	
50 thru 54	0.23	
55 thru 59	0.43	
60 thru 64	0.66	
65 thru 69	1.27	
70 and above	2.06	

SAMPLE W2

a Employee's social security number 000-00-0000		OMB No. 1545-0008		Safe, accurate, FAST! Use		 Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) 00-0000000		1 Wages, tips, other compensation 40,139.00		2 Federal income tax withheld			
c Employer's name, address, and ZIP code First UMC 100 Wesley Blvd. Anytown, VA 12345		3 Social security wages		4 Social security tax withheld			
		5 Medicare wages and tips		6 Medicare tax withheld			
		7 Social security tips		8 Allocated tips			
d Control number		9		10 Dependent care benefits 1,200.00			
e Employee's first name and initial Last name Suff. John W. Asbury 1900 Church Street Anytown, VA 12345		11 Nonqualified plans		12a See instructions for box 12			
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12b			
		14 Other 20,000 Housing Exclusion		12c			
f Employee's address and ZIP code				12d			
15 State VA	Employer's state ID number 00-0000000	16 State wages, tips, etc. 40,139.00	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name	

Form **W-2** Wage and Tax Statement 2023

Department of the Treasury—Internal Revenue Service

Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

2023 Sample W-2

- | <u>Box</u> | <u>Description</u> |
|------------|--|
| 1 | Report Pastor Compensation as calculated on other side |
| 2 | Local Church is not required to do any Federal Income Tax Withholding for Pastors |
| 3-9 | Leave Blank |
| 10 | Report Dependent Childcare payments withheld as part of Conference Medical Plan |
| 12 | Code C - Premium on Group Term Life Insurance
Code E - Personal pension payments (Pre-tax only)
Code BB - Personal contributions to Roth IRA |
| 13 | Mark an X in Retirement Plan for All Active Clergy |
| 14 | Report the amount of Housing Exclusion, not Housing Allowance paid |
| 15 | Enter "VA" and Employer's State ID Code, if available |
| 16 | Enter same amounts as Box 1 |
| 17 | Local Church is not required to do any State Income Tax Withholding for Pastors |
| 18-20 | Leave Blank |