Accountable Reimbursement FAQ

1. What is an accountable reimbursement plan?

It is a fund used to reimburse clergy or church staff for approved, work-related expenses. Examples include mileage, books, robes and stoles, and subscriptions to periodicals. Receipts are submitted promptly to the church treasurer for reimbursement.

2. What is changing under the revised policy?

Beginning January 1, 2027, no new Virginia Conference accountable reimbursement plan may be funded through a deduction from clergy salary, including plans for clergy employed by the conference. The expense account must instead be funded by the church or appointment as a separate budget line item.

3. When does the new policy take effect?

The policy takes effect January 1, 2027. For clergy currently serving a local church, the change should be approved at the church's 2026 yearly charge conference for implementation in the 2027 calendar year.

4. How were these plans funded previously?

Historically, many Virginia Conference churches funded accountable reimbursement by reducing the pastor's stated salary by the amount placed in the reimbursement account. The amount was generally set at the yearly charge conference and took effect the following January. For a pastor beginning a new appointment midyear, the amount commonly covered July through December.

5. What must each church or charge budget?

Each appointment must establish an expense-account line item of at least $3,000 per year for clergy work-related expenses.

6. May the amount be adjusted for part-time clergy?

Yes. For quarter-time, half-time, or three-quarters-time clergy, the amount may be adjusted in proportion to the percentage of the appointment.

7. How should a church determine the appropriate amount?

The $3,000 minimum is based on the current average accountable reimbursement amount for Virginia Conference clergy. The church, pastor, and Staff/Pastor-Parish Relations Committee (S/PPRC) should discuss the actual costs of ministry in their setting and establish an amount sufficient to cover those expenses.

8. How does the change affect salary, taxable income, and pension calculations?

The following example uses a $50,000 annual salary and a $3,000 accountable reimbursement amount:

Pastor's Salary	Current System	New System Effective 1/1/2027
Annual salary	$50,000	$50,000
Accountable reimbursement funded from pastor's salary	$3,000	$0

Accountable reimbursement funded by church	$0	$3,000
Take-home pay (pre-tax)	$47,000	$50,000
Taxable income	$47,000	$50,000
Salary used for pension calculation*	$47,000	$50,000

** Wespath uses salary plus 35% of salary to calculate pension contributions for clergy living in a parsonage.*

9. Why is the Virginia Conference making this change?

· It aligns Virginia Conference practice with other annual conferences and with accepted practices of the General Council on Finance and Administration (GCFA).

· Church-funded plans may be increased during the year when necessary.

· It prevents accountable reimbursement deductions from reducing clergy take-home pay and the salary used for pension calculations.

· It helps churches understand the full cost of ministry.

· It removes the concern that clergy may lose personal income or feel pressure to spend unnecessarily at year-end.

10. Can the reimbursement budget be increased during the year?

Yes. A reimbursement plan funded by the local church may be increased as necessary during the year, subject to the church's normal budget and approval processes.

11. Will the reimbursement process change?

No. Expenses and receipts should be submitted for reimbursement in the same manner as they are now. Only the source of funding changes.

12. What happens if the full budgeted amount is not used?

The unspent amount remains part of the church budget and the line item comes in under budget. It is not lost personal income for the pastor.

13. Does this change affect the parsonage or housing exclusion?

No. The parsonage or housing exclusion is a separate tax benefit available to clergy. It does not affect the local church budget or clergy compensation and is not changed by this policy.

14. Is the $3,000 minimum considered compensation or a raise?

No. The accountable reimbursement budget is for documented ministry-related expenses. It is not compensation and should not be treated as a raise.

15. Where can churches and clergy get more information?

Review the GCFA resource on accountable reimbursements. Additional questions should be directed to the district superintendent.