

September 14, 2026

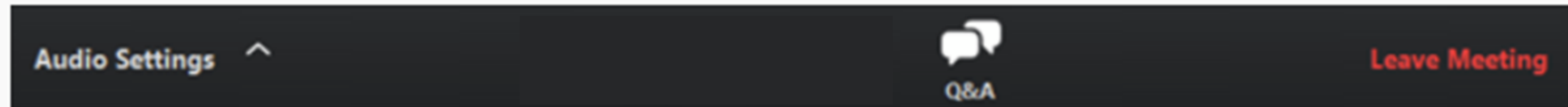
Clergy Payroll

WEBINAR



You are in a webinar– you can see and hear the presenters, but we can not see or hear you.

Q&A:
Ask questions
for the panel



These are part of the Zoom toolbar and may be hidden by "..."

Welcome!

Questions will be answered at the end of the presentation

A G E N D A

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The Annual Conference body voted to accept CFA's Proposal to the Virginia Conference as presented in the **Book of Reports on page 79.**

Beginning January 1, 2027, clergy payroll shall be administered through one of three options:

(A) Clergy payroll may continue to be managed **by a paid professional staff member** of the local church.

(B) Clergy payroll may continue to be managed **through an outside payroll vendor** selected and funded by the local church.

(C) Clergy payroll may be administered **by the Virginia Conference Clergy Payroll** managed by the Treasurer's Office at no additional cost to the local church.

HOW WE GOT HERE

- **2023:** Lay member raises concern → Conference votes to increase clergy minimum salaries
- **2023:** Just Compensation Task Force created to study housing allowances
- **2025:** Task Force recommends studying a centralized payroll system
- **2025–26:** CFA explores feasibility with VUMPI, survey sent to Clergy and church finance persons
- **2026:** CFA Recommends and Annual Conference Approves Clergy Payroll plan with A,B,C options

NOTE: Though birthed out of the Just Compensation Task Force, the three option Clergy Payroll plan **is NOT intended to control clergy salaries**. By Discipline (§252.4d), the church sets the salary for the clergy person.

SURVEY OVERVIEW

The survey had **320 respondents**, just more than half of whom are **pastors**, with the remainder being **church treasurers, finance committee members, or church administrators/office staff**.

HOW CHURCHES HANDLE PAYROLL TODAY

- **82.5%** have staff other than the pastor on payroll
- **45.9%** use a third-party payroll provider or software
- **38.8%** manage it via spreadsheets, paper, or hand calculations
- **73.1%** of those handling payroll are volunteers

WHAT PASTORS ARE EXPERIENCING

- **31%** received a late paycheck
- **60.3%** received an incorrect W-2
- **29.9%** received a late W-2 or other tax form
- **20.1%** experienced pension errors
- **29.9%** experienced compensation errors

OPPORTUNITIES PROVIDED BY A SINGLE-PAYER SYSTEM

For Clergy

- Consistent, on-time pay
- Accurate handling of clergy's complex tax situation
- Option for withholding meaning no more quarterly estimated taxes

For Immigrant Clergy

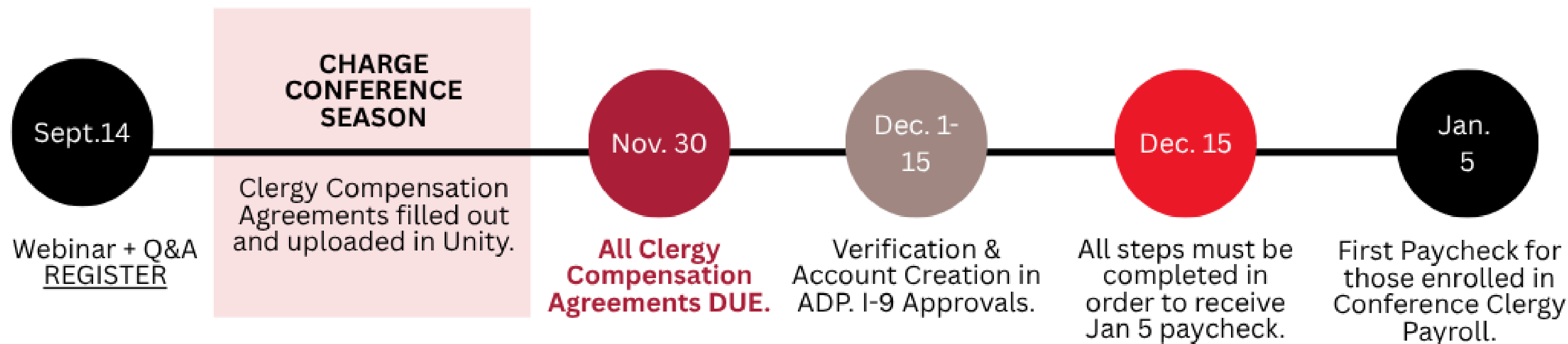
- Conference becomes employer of record, easing H-1B access (no cap limitations)
- Appointment changes don't disrupt immigration status
- No new I-9 required with each move

For Local Church Treasurers

- No need to learn clergy payroll or W-2s
- One number to call at the Conference for payroll questions

03 When: Timeline

Staff/Pastor Parish Relations **shall make a recommendation to the Charge Conference** as to which payroll option they are choosing for their clergy. This will be **reported by November 30, 2026 via the Clergy Compensation Agreement** for January 1, 2027.



NOTE: The Open Enrollment process (benefit elections for 2027) remains unchanged. Open enrollment is **October 5-30.**

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unity.vaumc.org/Account/Login

VIRGINIA CONFERENCE
THE UNITED METHODIST CHURCH

Clergy Compensation Agreement

Clergy: Sample Pastor
Location: Sample Multi-Point
District: Manassas District (Text)

Clergy Status: FE - Elder in Full Connection
Service Time: 100%
Date: 9/5/2026

Effective Date: 1/1/2027

Annual Base Salary Paid to the Clergy Person: \$50,000.00

Reside in the Parsonage: No

Cash Housing Allowance (If parsonage not provided): \$12,000.00

Total Base Compensation: \$62,000.00

Housing Exclusion: \$62,000.00

Parsonage Addition For Benefits: \$24,000.00

Compensation used for Pension Contribution Billing (i.e. Total Plan Compensation): \$8.00

Benefits Billing: \$62,000.00

Compass Retirement Program: \$6,140.00

Clergy Protection Program (CPP): \$2,728.00

Clergy Health Direct Bill Amount (Annual): \$19,920.00

Total Benefits Premium Billing: \$28,788.00

The above benefit billing numbers are an estimate based on the available information. Additional considerations, such as multiple appointments, may change the final numbers.

Total Compensation and Benefits: \$90,788.00

Compensation for the above clergy person will be managed and paid:
The Annual Conference Treasurer's Office will issue paychecks for this appointed clergy, billing the churches and/or other appropriate entities as needed.

Cost of compensation will be:
Split-billed between the churches in the charge by percentage as follows:
Sample 1 Multi-Point Church: 50.00%
Sample 2 Multi-Point Church: 50.00%

Charge Conference Signatures

Sample Pastor _____ Date _____

Secretary of Charge Conference _____ Date _____

WFO Charge Conference _____ Date _____

Clergy Representative _____ Date _____

New Clergy Compensation Agreement

How: Clergy Compensation Agreement

Sample Multi-Point

District

Miscellaneous District (Test)

Mailing Address

100 Sample Charge Street
Richmond, VA 23060

Phone

Email

[new@name.com](#)

Churches

[Sample 1 Multi-Point Church UMC \(Lead Church\)](#)

[Sample 2 Multi-Point Church UMC](#)

Edit Contact Information

[Charge Conference](#)

Manage Charge Conference Dates and Related Reports

[Charge Leadership](#)

Manage Leadership Assignments for the Charge

[Charge Security](#)

FOR CHURCHES SELECTING OPTIONS A/B

ALL churches must make a selection via their Clergy Compensation Agreement by **November 30, 2026**.

If your church is maintaining its current option and it falls into one of the approved categories (A: **Paid Professional Staff Member**, B: **Outside Payroll Vendor**), the Clergy Compensation Agreement still needs to be completed following the process outlined above.

If your current option does not fall into one of the three approved categories, your church must select and move to an approved option.

WHAT COUNTS AS PAID PROFESSIONAL STAFF?**Option A: In-house**

- A paid employee of the church, compensated per wage-and-hour law
- Has the knowledge and experience to administer clergy payroll accurately
- Cannot be an unpaid volunteer

Option B: Outside service

- An independent bookkeeping or payroll business
- Licensed and insured, with demonstrated payroll experience

Bottom line: An unpaid volunteer does not qualify, even if experienced.

FOR CHURCHES SELECTING OPTION C: VIRGINIA CONFERENCE CLERGY PAYROLL

1

Step 1: Make your selection via the Clergy Compensation Agreement in Unity.

- Affirm and submit this via Charge Conference.

2

Step 2: Clergy will receive a Welcome email from ADP to begin the Onboarding process.

- To complete this, you will need personal information such as:
 - Social security number
 - Address and phone number
 - I9 information
 - Direct deposit information (optional)
 - Emergency contact (optional)
 - Income tax elections (optional)*

FOR CHURCHES SELECTING OPTION C: VIRGINIA CONFERENCE CLERGY PAYROLL

3

Step 3: Be prepared to complete the I9 process with a member of the Treasurer's office prior to December 15, 2026.

- This is the verification of employment and will require the necessary documentation and should take approximately 10 minutes.

4

Step 4: The Treasurer's office will enter your payroll information

- Including benefit elections.

5

Step 5: Check your first paycheck on January 5th, 2027, and ensure all is in order.

WHAT WOULD THE LOCAL TREASURER EXPECT TO SEE?

- Invoice sent after each pay date (5th & 20th)
 - this covers payroll + employer benefits (Compass, CPP, Health Benefits)
- Churches pay by check or online portal (like apportionments), or may set up automatic draft

Clergy will be paid twice monthly:

- on the **5th** → (covers the 1st–15th)
- on the **20th** → (covers the 16th–end of month)

The payroll vendor is **ADP** Workforce Now



FAQ

Find the full FAQ at vaumc.org/clergypayroll

WHO'S ELIGIBLE?

Eligible

- Appointed clergy at Virginia Conference churches & campus ministries
 - including clergy serving in retirement
- "Other fellowship" clergy and on-loan clergy from other conferences
- Part-time appointed pastors

Not currently eligible:

- Lay supply, including Certified Lay Ministers (CLMs)

WHAT ABOUT OTHER CHURCH STAFF?

- Conference payroll covers **appointed pastors** only
- Organists, admins, and other church employees or contractors **stay on the local church's own payroll**
- The local church remains responsible for their taxes and forms

IS THERE A FEE FOR THE CONFERENCE CLERGY PAYROLL?

- Payroll **processing**: no additional cost
- Moving a pastor onto the Conference Workers' Compensation plan does have a cost, but it **replaces** what the church already pays for that coverage
 - The cost is determined by the number of people enrolled on the plan
 - Net impact to the church: **likely minimal or a wash**, not an added expense

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WHO FILES WHAT (TAX FORMS)

- Pastors on Conference payroll **become employees of the Virginia Annual Conference**
 - The Conference files the 941s, W-2s, and W-3s under its own EIN, and your pastor is included in that filing.
 - Churches only need to continue filing taxes and forms **if they have other paid lay staff** at the church.
 - For **2026**, churches must file the 941s, W-2s, and W-3s, since ***the pastor is still your employee through the end of the year.***

HOW DO WE GIVE OUR PASTOR A RAISE?

- The **S/PPRC chair** enters the new compensation in **Unity**
- It is approved by **Charge Conference** and the **District Superintendent**
 - *This is the same as our current practice*
- The Treasurer's Office is notified automatically

HOW DO WE GIVE A CHRISTMAS BONUS OR LOVE OFFERING?

- The **S/PPRC chair** enters the bonus/love offering in **Unity**
- The **Treasurer's Office** is notified automatically
- The bonus is added to the **following payroll**

IS ACCOUNTABLE REIMBURSEMENT AFFECTED AND HOW SO?

For details on accountable reimbursement, see the Cabinet's Accountable Reimbursement Policy



doc.vaumc.org/Cabinet/AccountableReimbursement.pdf

CHURCH NAME

Expense Voucher

Date: _____ Amount: \$ _____

Pay To: Name: _____

Address: _____

Description of Expense: _____

Business Purpose of Expense: _____

Receipt/Bill: ☐ Attached ☐ No

Account Number or Budget Line Item Number: _____

Person Requesting Payment: _____

Approved By: _____

Special Instructions: _____



How to Get Help

Email clergypayroll@vaumc.org or call 804-521-1104

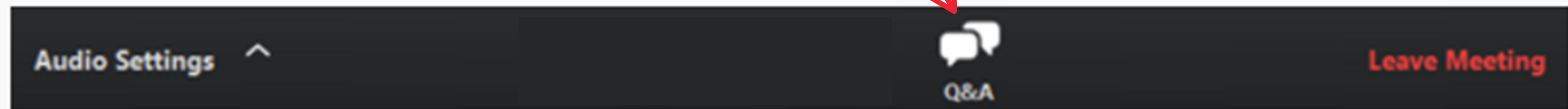
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Q&A

Please put ALL questions into the Q&A box.



FIND THE Q&A BOX IN YOUR ZOOM TOOLBAR



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For Clergy:

Called, Compensated, and Covered: Understanding Clergy Finances, A Four-Part Webinar Series for Clergy

Register by October 7



vaumc.org/clergy-finances-updates2026



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