

Financial Planning for Ministers

www.benefitsboard.com

A. Who is a Minister for Federal Tax Purposes?

- Must be “ordained, commissioned, or licensed”
- Must be “Eligible” to participate in the administration of the sacraments
- Must participate in the conducting of religious worship
- Must have “management responsibilities” in the local church or denomination
- Must be “considered to be a religious leader” by the church or denomination

B. Minister’s Dual Tax Status

- Tax purposes – Employee
- Social Security – Self-employed

C. Fringe Benefits

- Retirement Plan Contributions
- Medical Insurance
- Social Security Reimbursement (Taxable Fringe Benefits)



D. Business and Professional Expenses (*Accountable Reimbursement*)

- Auto Expenses
 - Educational Expenses
 - Travel
 - Entertainment
- (list is not inclusive)*

E. Allowable Housing Expenses

- Down payment
- Mortgage payments (interest and principal)
- Furnishings and appliances
- Yard work, snow removal, etc.
- Repairs and remodeling; maintenance
- Utilities (electricity, gas, water, trash collection, local phone charges)
- Real estate taxes; insurance; Homeowners Dues



F. What Constitutes Reportable Income for a Minister?

- Salary
- Bonuses, love offerings, gifts, weekends away
- Social Security paid by the church to the minister (and maybe health insurance??)
- Business expense reimbursement under a *non-accountable* plan
- Personal use of church-provided auto

Art Rhodes

President and CEO

Church of God Benefits Board, Inc.

arthodes@benefitsboard.com

Minister's Taxable Compensation at a Glance

Compensation	Income Taxes Owed	Social Security/ Medicare (SECA) Owed
Fringe Benefits		
Retirement Plan Contributions	No	No
Medical Insurance	Yes, unless "only employee" or in a group plan	Yes, unless "only employee" or in a group plan
Social Security Reimbursements	Yes	Yes
Business and Professional Expenses		
Accountable Plan	No	No
Non-Accountable Plan	Yes	Yes
Ministerial Housing		
Parsonage Provided	No	Yes
Housing Allowance	No	Yes
Salary		
Salary	Yes	Yes
Bonus, Love Offerings, Gifts from Church	Yes	Yes
Personal Use of Church-Provided Auto	Yes	Yes

MINISTERS' RETIREMENT PLAN



WHO IS ELIGIBLE TO PARTICIPATE?

- Pastors
- Evangelist and Chaplains
- Church-related Employees

HOW CAN I PARTICIPATE?

- Church Contributions, and/or
- Salary Reduction Contributions

HOW MUCH, OR HOW LITTLE, CAN I CONTRIBUTE?

- No minimum contribution requirement
- Maximum contribution limits set by law

INCENTIVES FOR NEW MEMBERS

For new members who join the Plan, the Board will match dollar for dollar up to \$500 in contributions. Join now and get 100% return for the first \$500 contributed this year!





Tools of the Trade Resources

To provide financial guidance to the pastor, treasurer, and church, the following “tools” should be available to the church leadership:

- Informational manuals from the Benefits Board, available without charge on the Benefits Board’s web site: (www.benefitsboard.com)
 - **Minister’s Compensation Manual**
 - **Church Treasurer’s Manual**
 - **Church Construction and Financing**
 - **Ministers’ Retirement Plan Summary**
 - **Church Budgeting Manual**
 - **Tax Information Manual**
 - **The Church as a Taxpayer**
 - **Minister’s Tax and Financial Guide (ECFA)**
 - **Church and Nonprofit Tax and Financial Guide (ECFA)**

Benefits Board Manuals



- Internal Revenue Service publications, available on the forms section of the Benefits Board’s web site:
 - **Tax Guide for Churches and Religious Organizations** (Pub. 1828)
 - **Charitable Contribution Guide** (Pub. 1771)
 - **Audit Guidelines for Ministers** (Training Manual 3149-101)

- The **Church and Clergy Tax Guide** by Richard R. Hammar, updated annually, published by Christianity Today, and available for purchase from the Benefits Board.
- The **Minister’s Tax & Financial Guide** by Michael Martin, updated annually, and published by Zondervan
- The **Church and Nonprofit Organization Tax & Financial Guide** by Michael Martin, updated annually, and published by Zondervan
- **ChurchEXCEL** App and Resources at www.ChurchEXCEL.org/BenefitsBoard



Church of God Benefits Board, Inc.
Post Office Box 4608
Cleveland, Tennessee 37320-4608
(423) 478-7131 / (877) 478-7190 toll free
www.benefitsboard.com