

2017 ACCOUNTABLE REIMBURSEMENT POLICY

Pastor:

United Methodist Church (Church/Charge) recognizes that certain expenses of ministry paid by the pastor/staff person are part of the ordinary and necessary costs of ministry in this Church/Charge. Accordingly, we hereby establish an accountable reimbursement plan to defray those expenses directly. The reimbursement account shall be an annual line item in the church budget. It shall be in addition to the pastor's annual salary and housing. Additional information about accountable reimbursement policies is available on the General Council on Finance and Administration web page: www.umc.org/gcfa.

The maximum available for reimbursement of travel, professional and continuing education expenses in 2017 shall be \$

The following requirements for the plan are binding upon the Church and upon its pastor/staff person. Accordingly, the Church hereby establishes an accountable reimbursement policy, pursuant to IRS regulations and upon the following terms and conditions.

1. The pastor/staff person shall be reimbursed from the reimbursement account for his/her ordinary, necessary and reasonable business expenses incurred in the conduct of the ministry on behalf of the Church. The following expenses are budgeted in this accountable reimbursement policy, as suggested for the employment needs of the pastor/staff person:

- A. Travel/Professional Expenses: _____ B. Continuing Education Expenses: _____
- C. **Total** (should match the maximum stated in the introduction above): _____

For purposes of this Policy, "Travel/Professional Expenses" include items incurred in the ordinary, necessary and reasonable course of conducting business on behalf of the church, including automobile mileage (standard federal rate), parking, tolls, office supplies and postage, office equipment, computer and software, books, subscriptions and periodicals, professional dues, religious materials, vestments and business gifts, entertainment required for church business, professional use of cell phone, travel fares, lodging and meals on church business and other required travel including ANNUAL CONFERENCE EXPENSES.

**Church Council/Administrative Board action is required for any increase to the total (line C). Expenses assumed by the pastor/staff person in excess of Total are not excludable from reported compensation. Expenses in excess of compensation may or may not be deductible from taxable income on the pastor/staff person's tax return. A church and pastor may also specify amounts for more specific items to be included in Travel/Professional expenses. In such event, a schedule of acceptable categories and the amounts to be reimbursed may be attached as a separate schedule to this policy.*

2. The Staff/Parish Relations Committee Chairperson or other designated person must be given an adequate accounting of each expense, including, but not limited to, a statement of expense, account book diary, or other similar record showing the amount, date, place, business purpose, and business relationship involved. Such documentation shall include receipts for all items of \$75 or more. Appropriate documents, cash receipts, canceled checks, credit card sales slips, and contemporaneous records for those nonreceipt expenses less than \$75.00 must be attached to each expense report. A log of total miles per day and enumeration of their general purpose shall suffice to substantiate automobile mileage, but under no circumstances will commuting mileage between the pastor's home and Church office be reimbursed. Copies of the documentary evidence and expense report shall be retained by both the pastor/staff person and the Church. The SPR Chairperson shall be responsible for approving the expense. The SPR Chairperson shall exercise his/her discretion regarding the

adequacy of the substantiation and the appropriateness of any reimbursement. Questions arising in these areas will be resolved by SPR Chairperson's decision, subject to the review and approval of the SPR Committee.

3. It is the intention of this policy that reimbursements will be paid after the expense has been incurred by the pastor/staff person. However, should circumstances require payment of an advance for any particular anticipated expense, the pastor/staff person must account for the expense and return any excess reimbursement within 30 days of the issuance of the advance. Any excess advance must be returned to the Church before any additional advances are provided to the pastor/staff person.
4. Budgeted amounts not spent must not be paid as a salary bonus or other personal compensation. If such payments are made, the entire amount of the reimbursement plan (Item C) will be taxable income to the pastor/staff person. The Church will be required by law to report that amount as part of the pastor's/staff person's compensation. Disposition of any unspent balances remains within the discretion of the Committee on Finance and the Church Council/Board in building the budget for the next church year.
5. It is understood by the various parties that all elements of this resolution must be carefully followed to prevent the Church from being required by regulation to list total payments for the following items on IRS information reports (W-2) as "includable compensation." The primary responsibility of expense reporting is the pastor/staff person to the Committee of SPR Chairperson, church payroll person and/or Treasurer.

Adopted on _____ by the Charge/Church Conference.

Church Council Chairperson

Pastor-Parish Chairperson

Pastor