

ACCOUNTABLE REIMBURSEMENT PLAN

The Accountable Reimbursement Plan is the preferred method by which the expenses which the United Methodist Pastor incurs in providing ministerial services are reimbursed. Every United Methodist Church in the Southwest Texas Conference is urged to include an amount in its annual budget of at least 13% of compensation (line three on the current compensation form), as a budget item for these expenses. The actual amount adopted should be recommended to the charge conference by the pastor parish relations committee or staff parish relations committee after review of the need. The amount may be higher than 13% of compensation. The amount budgeted should be included on the compensation form on line 8.

When this compensation form is adopted at charge conference, the policies relating to the accountable reimbursement plan in this report are being adopted for the pastor.

The church pastor whose compensation and expenses are adopted on the Southwest Texas Conference Compensation Form by the charge or church conference, will be reimbursed for ordinary and necessary business expenses incurred in the performance of his or her responsibilities when he/she substantiates the amount, business purpose, date, and place of the expense.

This substantiation must be provided to the chair of the pastor parish relations committee (or church treasurer) within sixty (60) days of incurring the expense. The individual must return to the church any amounts received in excess of the substantiated expenses within one hundred twenty (120) days of receipt.

The scope of the ministerial duties included in this policy involve all the duties described in the current Book of Discipline and the policies of the Annual Conference, including participation in the Connectional Ministries of The United Methodist Church.

Expenses that are normally considered to be reasonable and necessary for a United Methodist Pastor include:

- Travel expenses reimbursed at the standard federal mileage rate, parking and tolls.
- Office supplies and postage
- Office equipment, computer and software
- Books, subscriptions and periodicals such as journals
- Professional dues
- Religious materials, vestments and business gifts
- Continuing education and seminars
- Entertainment required for church business
- Travel fares, lodging, and meals while on business for the church (including annual conference and other connectional meetings)
- Mobile telephone to the extent that it is used for business purposes
- Other reasonable and customary business expenses (as approved by the committee on staff parish relations and/or committee on finance)

Property purchased under an accountable reimbursement plan is the property of the church who provided the reimbursement. This is not an issue for most items because they are either of negligible value after utilization, or of such a personal nature such as robes that the item is not appropriate to be left at the church when the pastor moves. The one item which becomes an issue is computer purchased under an accountable reimbursement plan for the business usage of the pastor. When a pastor moves from one appointment to another, the church will give the pastor the option of

purchasing the computer at its current fair market value. The current fair market value can be determined using tax preparation software that is easily available in the marketplace. If the church gives the computer to the pastor, then the gift is a taxable event and the fair market value should be reported by the pastor as taxable income.

No pastor should be reimbursed more than 5/12ths of the total amount budgeted prior to annual conference each year.

Any reimbursement of expenses from other sources should be reported by the pastor and reduce the amount of the expense subject to reimbursement. In no case should the pastor receive total reimbursement for all sources that exceeds the actual cost and/or the IRS approved rate for reimbursement of mileage.

The expenses of attendance at annual conference for a pastor who is moving should be reimbursed from the Accountable Reimbursement Plan of the Charge to which the pastor is appointed prior to the annual conference session.

In order to maintain confidentiality of pastoral calls, it is permissible for the pastor to report a pastoral call in general terms without mentioning the name of the person or persons called upon, or the nature of the call.

The church will not report any properly substantiated reimbursement payments as income on any Form W-2.

This policy becomes effective upon the close of annual conference, 2006. It replaces previous policies adopted by the annual conference and will be printed in future policy manuals of the conference.

This policy is applicable to clergy members of the annual conference. Churches with lay employees should consider adopting a policy that is applicable to lay staff.

Proposed by the Commission on Equitable Compensation and Moving Expense
Adopted by the 2006 Annual Conference