

2018-07

ACCOUNTABLE REIMBURSEMENT POLICY

An Accountable Reimbursement Plan (A.R.P.) must be provided for every full-time pastor. An A.R.P. may also be provided for a part-time pastor or for a full-time or part-time staff member. For every pastor or other staff member who has an Accountable Reimbursement Plan, this form must be submitted. Otherwise, the pastor or staff person may have to pay back taxes, penalties, and interest to the Internal Revenue Service.

The _____ United Methodist Church/Charge recognizes that certain expenses of ministry paid by _____, its pastor or staff member, are part of the ordinary and necessary costs of ministry for this church. Accordingly, we hereby establish an accountable reimbursement policy to defray these expenses directly. The reimbursement account shall be an annual line item in the budget. It shall be in addition to the pastor's annual salary and housing. The reimbursement account for 2019 shall be \$ _____.

Accordingly, the Charge hereby establishes an accountable reimbursement policy, pursuant to IRS regulations and upon the following terms and conditions:

1. The pastor or staff person shall be reimbursed from the reimbursement account for his or her ordinary, necessary, and reasonable business expenses incurred in the conduct of the ministry for and on behalf of the charge.
2. The Pastor-Parish Relations (or Staff-Parish Relations) Committee Chairperson or the Treasurer (as designated by the church council or administrative council) 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 \$25 or more. Appropriate documents, cash receipts, canceled checks, credit card sales slips, and contemporaneous records for those non-receipt expenses less than \$25 must be attached to each expense report. A report 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 the 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 Treasurer shall be responsible for reviewing the expense and bringing discrepancies to the attention of the Chairperson of the PPRC (or SPRC).

The Treasurer shall exercise his or her discretion regarding the adequacy of the substantiation and the appropriateness of any reimbursement. Questions arising in these areas will be resolved by the PPR (or SPR) Chairperson's or Treasurer's decision, subject to the review and approval of the PPR (or SPR) Committee or the Committee on Finance.

3. It is the intention of this policy that reimbursements will be paid AFTER the expense has been incurred by the pastor or staff member.
4. Budgeted amounts which remain unspent must not be paid as a salary bonus or other personal compensation. **If such payments are made, the entire amount of the reimbursement policy will be taxable income for the pastor or staff member.** The church will be required by law to report that amount as part of the pastor or staff member's compensation. Disposition of any unspent balances remains with the discretion of the Committee on Pastor-Parish Relations (or Staff-Parish Relations) in building the budget for the compensation package for the next calendar 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 accountable reimbursement items on IRS information reports (W-2 or 1099-MISC) as "includable compensation."
6. It is the responsibility of the pastor or staff member to report expenses, and to do so in a timely manner.

Adopted on _____, 2018 by the Charge
Conference of the _____
United Methodist Church/Charge.

Signatures:

1. District Superintendent:

2. PPRC (or SPRC) Chairperson:

3. Church Treasurer:

4. Charge Conference Secretary: