

Overview of SPRC forms including Pension Information by DS Tom Choi, California-Pacific Annual Conference

SPRC Forms

- Go to calpacumc.org/chargeconference
- Note different links for salary and benefit forms, explanation, minimum compensation schedules, etc.
- Note that clergy are considered to be employees under IRS law and independent contractors under Social Security law. Under the latter, all income is taxed at 15.3%, equal to the employer and employee share of SS. Many churches provide assistance for this.

Salary and Benefit Form

- Lines 2-9 need to be designated as "A" (taxable income), "R" (reimbursable), or "D" (direct payment), the latter usually to parsonage utilities.
- If A, it is taxable income to the pastor; certain allowances, such as auto/transportation, Cont. Ed, etc., may be received all or in part as additional taxable income. This affects pension slightly.
- At the end of the year, if the reimbursable lines such as automobile/transportation, continuing education, and professional expenses, etc., are budgeted but not spent, the pastor is entitled to receive the balance as additional taxable income.
- NOTE: The SPRC recommends S&B, the finance committee confirms funds.

Changes Coming to Pensions in 2026

New Compass program begins on January 1, 2026 - COMPASS

Plan Compensation: Cash Salary (and other taxable income) plus housing allowance or parsonage value – 35% of total adjusted salary in 2025 (25% this year).

Example: \$50,000 cash salary plus \$30,000 housing = \$80,000 plan compensation; or \$50,000 salary plus salary times 35% for parsonage = \$67,500

COMPASS PENSION PLAN: \$150 per month flat contribution; 3% fixed contribution by the church; up to 4% match of the pastor's contribution to UMPIP.

Why this is important for 2025

- CRSP Pension Plan:
 - Defined Benefit (DB) – 10% fixed contribution by the church
 - Defined Contribution (DC) – direct to pastor based on contributions by church – about 2.1% plus 1% match. The church gets billed 3.1% no matter what.
 - BUT...Pastor must be contributing at least 1% to UMPIP (UM Personal Investment Plan) to receive match.
 - Match goes up to 4% in 2026, so pastors are encouraged to contribute personally to UMPIP to move up to 4% or more in 2025, but at least 1%; e.g, if \$80,000 plan compensation, 4% would be \$3200/year or \$266.67/month. 1% would be 800/year or \$67 per month. Note that in 2026, the match depends on the pastor's UMPIP contribution.