

May 29, 2018

Information on federal tax law impacting clergy moving expenses

Wespath Benefits Investments has been compiling information on how recently enacted federal tax legislation will impact clergy and churches. The full document, titled [“Recently Enacted Federal Tax Reform—Impact to Plan Sponsors and Participants”](#), can be found by clicking the link.

New England Conference Treasurer Bill Burnside highlighted the following points of particular interest to our churches and clergy:

- Under the new tax rules, starting in 2018, the money a church provides to a pastor for moving expenses is now taxable income. The new rules about W-2 Forms have not been released, but Wespath is expecting this income will be included on the W-2 Form. However, there may be some other mechanism stipulated for reporting this income.
- Under the new legislation, clergy should know that moving expenses are also considered net income from self-employment and will be subject to those taxes as well.
- Inclusion of moving expense reimbursements in the definition of taxable income (and, therefore, “plan compensation”) will increase the Clergy Retirement Security Program (CRSP), and the Comprehensive Protection Plan (CPP) amounts, and result in a one-time additional billing to churches for the associated costs. Be sure to submit a copy of the Moving Expense amount directly to the Conference Benefits Department in order for the Pastor to receive the additional amount toward their pension, if applicable. Email copy of payment information to benefitsassist@neumc.org by December 1st.
- **UPDATED MAY 29, 2018:** Regarding UMPIP, Wespath’s board of directors has now approved an amendment to UMPIP to remove moving expense reimbursements from the plan’s definition of compensation. This amendment, which will be retroactive to the beginning of 2018, will permit UMPIP to continue to be treated the way it has been in the past, before the tax law change. In other words, moving expense reimbursements will not be considered for employee contribution or employer contribution purposes (for those clergy who are entitled to employer contributions in UMPIP, such as part-time clergy who aren’t eligible for CRSP).

Since the Wespath document (see link above) was produced, the General Council on Finance and Administration (GCFA) has issued an update on the processes around moving expenses. [Find that document here](#)

If you have questions, you can contact Bill Burnside at (978) 682-8055 ext. 110 or wburnside@neumc.org