

Completed PIP Section



THE EVANGELICAL CONGREGATIONAL CHURCH

Interview Questions for Potential Ministers

When a prospective pastor or pastoral couple meet with the Pastoral Relations Committee, you need to be ready with good questions which will be valuable in determining whether or not this pastor will be a good fit for your church. Here are some questions you might use.

Intrinsic Motivation

- What gives you the greatest feeling of accomplishment in your ministry?
- Tell us about a project or ministry program that you initiated and implemented successfully. Describe the steps taken in the process.

Spousal Cooperation

- What convictions do you as husband and wife share regarding your respective roles in ministry, and how have you arrived at these convictions?
- How do you balance the demands of ministry with the needs of your family?
- Why do you believe that this church is the right setting for you and your family to minister?

Building Relationships

- Would you say that you are “people-oriented” or “task-oriented”?
- What are your strengths as far as people skills are concerned?
- Do you have experience in discipling? Mentoring?
- What is your basic reaction to conflict?
- What group(s) do you feel most comfortable ministering to?
- Tell us about a time when you had to work in a team situation with a strong-willed and influential person whose ideas were not compatible with your vision. How did you come to agreement with that person? What were the results? Would you change anything if you had it to do over again?
- Describe your evangelistic style.
- What are the names of some pre-Christians for whom you are praying? How are you sharing Christ with them?

Congregational Health

- What are the characteristics of a healthy congregation?
- How would you go about improving an area where a church was not healthy? Suggest an example such as worship or small groups.
- Give us an example of a time you led a medium sized group (50-100) into a program of systematic and/or sustained discipleship. What were the results? Immediate? Long term?
- Describe a conflict you encountered regarding someone’s role in the church or in a group. How did you attempt to resolve it? What were the results? Do you wish you had done anything different?

Using the Giftedness of Others

- Share an experience or two in which you helped people discover and develop their spiritual gifts.

- Describe one of the methods you use to involve others in the ministry of the church. When did you last use this method? What were the results? If you did this again, would you do anything differently?

Building Group Cohesiveness

- Have you experienced a time in your ministry when you felt a negative reaction to your authority as a pastor or a leader? If yes, how did you handle the situation? If no, how would you handle the situation like this in your ministry?
- Describe a time when members of your church were divided over an important issue. How were you able to guide them to a satisfactory solution?
- Describe the program you have found most successful in regards to greeting new people, doing follow-up with the first time attenders, and assimilating them into your church ministry.
- Tell us about the last time you worked with a group that was resistant to change. What did you do to overcome the resistance? What was the result? Would you do anything differently?
- Tell us about the most recent major change you initiated in a church setting. Walk us through the process you used. What did you do to ensure the change was permanent and working well?

Theological Distinctives

- Do you have difficulty accepting the doctrinal stance of the Evangelical Congregational Church?
- If you have a disagreement with the Church, where is that disagreement?
- Do you have a doctrinal “hobby horse” that has caused you difficulty in the past?

Exercising Faith

- Tell us about the last time God answered one of your prayers.
- Tell us about a situation when you stood upon a biblical principle even though you were not sure anyone would stand with you.

Resilience

- What has been your biggest personal failure or disappointment? How did you cope with it?
- Describe a time when you handled unfounded criticism against you.
- Describe a situation when your ministry expectations were high but the outcome was unexpectedly disappointing. What was your response to the disappointment?
- Tell us about an incident where politics were used to undermine or reverse a decision made by you or the church board. How did you handle it? What were the results? What changes would you make in your actions if it happened again?

Responsiveness to Community

- Tell us about the process you used to become familiar with a new church or position that you held for more than one year. What was the situation? What did you do to make sure you did a good job in the first year? What were the results? What changes did you make the following year? How were the results improved?
- Describe a time in your ministry in which you used information concerning the community to develop an outreach ministry plan.
- Describe an outreach ministry or event in which specific needs of the community were met.
- Describe the ways by which information concerning the ministry of the church was communicated to the community.

Additional Questions:

- What areas of your ministry need the most development?
- How do you envision your ministry developing over the next three years?
- How do you maintain regularity and consistency in your prayer life in the face of numerous demands upon your time?
- Tell us about the last two formal seminars and/or courses you attended to improve your pastoral and/or leadership skills. When did you attend them? Give examples of how you implemented what you learned. What were the results?

THE PASTOR'S WIFE AND THE INTERVIEW PROCESS



When it comes to the interview of a potential new pastor, often he will be accompanied by his wife. Although this is not mandatory for the interview process, it is encouraged, and may be very helpful as a determining factor regarding expectations and perceptions by both the church and pastor's wife. The wife of a pastor, without any doubt, plays an extremely important role within the ministry of a local church. The only question is "What is that ministry?" or more specifically, "What is the role of the pastor's wife?".

A church interview committee needs to be aware that in the same way that the members of the local church have different gifts and graces, so do the wives of pastors. Not every pastor's wife plays the piano, enjoys teaching Sunday school, or sings in the choir. Some may assume a very visible role in church ministry; others may assume a more quiet role. In today's world, there are many ways that a wife can be a tremendous support and "helpmate" for the pastor.

A committee needs to be sensitive to the needs, personality, and God-given gifts that a pastor's wife possesses. In the same way that no two pastor's are alike, neither are any two pastor's wives identical. Each will bring a unique sense of ministry to the local congregation.

Therefore, perhaps the best questions that could be asked when a pastor's wife accompanies her husband would be, "How do you see yourself in a supporting role as a pastor's wife?" and "Are there any specific areas of ministry that you would enjoy being involved in?" Remember, however, if a pastor's wife should not answer the second question according to your liking . . . it may simply mean that it will take a little bit of time before she feels comfortable enough and accepted in her new church family. The wife's ability to show love, understanding, encouragement, and counsel to her husband are characteristics that must never be overlooked when considering her support to the ministry.

2008 STATEMENT OF PASTOR'S COMPENSATION

CHURCH _____ PASTOR _____

Clergy classification: _____ (CIRCLE ONE) Full-time or Part-time(hrs: _____)

I. Pastor's Total Compensation	<u>Actual- Current Year</u>	<u>Proposed – New Year</u>
A. Cash Salary (see Worksheet for Calculation) Refer to 2007 Compensation Report for Minimum Salaries	\$ _____	\$ _____
B. Housing Allowance (amount paid in lieu of parsonage) (Fair Rental value appraisal required every 3 years)	\$ _____	\$ _____
C. One-half Social Security (see Worksheet for Calculation) _____	\$ _____	\$ _____
D. Paid to the Benefits Corporation by the Church		
1. Health Insurance Premium	\$ _____	\$ _____
2. Disability Insurance (due Jan. 15)	\$ 100.00	\$ 100.00
3. Contribution to the 403b retirement plan (Full-time \$1500/yr; part-time \$780/yr)	\$ _____	\$ _____
E. Health Care Flexible Spending Account (FSA) See NC Rule 1002.7 \$500.00	\$ _____	\$ _____
F. Continuing Education Assistance Reimbursement	\$ 750.00	\$ 1000.00
G. Accountable Reimbursements		
1) Travel (at IRS established rate)	\$ _____	\$ _____
2) Professional Expenses	\$ _____	\$ _____
H. Housing Equity Account Contribution _____	\$ _____	\$ _____
I. Other Fringe Benefits: (Specify purpose and amount) _____ _____	\$ _____ \$ _____	\$ _____ \$ _____
TOTAL COMPENSATION PACKAGE	\$ _____	\$ _____

~~~~~  
^^^

II. Taxable Compensation

|                                                          |   |                 |                 |
|----------------------------------------------------------|---|-----------------|-----------------|
| Cash Salary (!-A)                                        |   | \$ _____        | \$ _____        |
| Less Parsonage Furnishings Allowance**                   | - | \$ _____        | \$ _____        |
| One-half Social Security (see Worksheet for Calculation) | + | \$ _____        | \$ _____        |
| Less Personal Pensions Contribution (W-2.Box 12A)        | - | \$ _____        | \$ _____        |
| Less Health Care Flexible Spending Account (FSA)         | - | \$ _____        | \$ _____        |
| Less Health Insurance Co-Pay (pre-tax)                   | - | \$ _____        | \$ _____        |
| <b>Total Taxable Compensation (W-2, Box 2)</b>           |   | <b>\$ _____</b> | <b>\$ _____</b> |

(Housing Allowance is not included in Taxable income. It is reported in Box 14 of the W-2.  
Any unused portion of the Housing Allowance is reported by the pastor on Line 21 of his IRS Form 1040 as Other Income.)

~~~~~  
~~~~~

III. Actual Salary to be Received by the Pastor

|                                                     |   |                 |                 |
|-----------------------------------------------------|---|-----------------|-----------------|
| Total Taxable Compensation                          |   | \$ _____        | \$ _____        |
| Housing Allowance OR Parsonage Furnishing Allowance | + | \$ _____        | \$ _____        |
| <b>TOTAL</b>                                        |   | <b>\$ _____</b> | <b>\$ _____</b> |

For those living in a parsonage: (Amount of cash salary excludable for parsonage furnishing allowance as designated by

the Local Conference \$ \_\_\_\_\_ in accord with IRS Code Section 107 and not included in taxable income, Box 2, W-2, but reported in Box 14, W-2, along with the Parsonage Rental Value)

IV. Non-Compensation Items (if applicable, include in Social Security Computation)

- A. Parsonage Rental Value (those living in church supplied housing) \$ \_\_\_\_\_ \$ \_\_\_\_\_  
(Fair Rental value appraisal required every 3 years)
- B. Parsonage Utilities (paid by the church, estimate) \$ \_\_\_\_\_ \$ \_\_\_\_\_

V. Vacation : Number of Weeks \_\_\_\_\_

Vacation Year: July 1 to June 30 (NC Rule 1002.1)

## Worksheet for Setting the Pastor's Cash Salary & Social Security

**Instructions: Please read thoroughly before completing the Worksheet for Setting the Pastor's Salary.**

**Also review the overall instructions and definitions provided with the forms before you begin to complete this Worksheet or the Statement of Pastor's Compensation Form.**

**Cash Salary Calculation:**

- Line 1-a: For 2007 Cash Salary figure- refer to your 2007 Statement of Pastor's Salary Form Item I-A, enter that figure on the line below (1-a) and multiply it times the National Conference approved salary increase of 3.3%. Add that amount to the 2007 Cash Salary and enter the new cash salary figure on line 1-a on the right-side column
- Line 1-b: If your church is considering a merit raise for your pastor, please complete line 1-b , add the increase to the 2007 cash salary figure and enter the new cash salary figure on line 1-b in the right side column
- Line 1-c: If your church receives appropriations from National Conference, enter that figure on line 1-c.
- Line 1-d: Add 1-a OR 1-b with 1-c (if applicable) and enter the total amount on line 1-d below; on the STATEMENT FOR PASTOR'S COMPENSATION on line I-A; AND below to the Social Security Calculation Line 2-a

**Social Security Calculation:**

- Line 2-a is carried from Line 1-d of Cash Salary Calculation
- Complete Lines 2-b if you own or rent your own home OR Lines 2-c & 2-d if you reside in a parsonage
- Line 2-e: refer to Flexible Spending Account resolution as passed to complete this line. (Note: this line refers to the pastor's contribution to the Flexible Spending Account only.)
- Complete Line 2-f if applicable to your pastor- (see instructions for further explanation)
- Total Lines 2-a through 2f and enter that total on Line 2-g
- Multiply Line 2-g times 7.65% (1/2 of the Self Employment Social Security Rate) and enter that figure on Line 2-h and on Line I-C on the Statement of Pastor's Compensation.

**NOTE: Knowing the need to work within a budget and other concerns that a church may have, churches that plan to grant less than the 3.3% increase as approved by the 2007 National Conference are to contact their Conference Minister prior to any official action taken to set the pastor's salary.**

**1) CASH SALARY - calculation**

- a) 2007 Cash Salary \$ \_\_\_\_\_ X 3.3 % approved increase = \$ \_\_\_\_\_ (1-a)
- OR**
- b) 2007 Cash Salary \$ \_\_\_\_\_ X 3.3 % increase + \_\_\_\_\_ additional % or \$ increase = \$ \_\_\_\_\_ (1-b)
- c) Conference Appropriation (If applicable) + \$ \_\_\_\_\_ (1-c)
- d) 2008 Total cash salary = \$ \_\_\_\_\_ (I-A)

**2) SOCIAL SECURITY-calculation**

- a) 2008 Cash Salary (I-A) + \_\_\_\_\_
- b) Housing Allowance + \_\_\_\_\_
- c) Rental Value of the Parsonage + \_\_\_\_\_
- d) Utilities paid by the church + \_\_\_\_\_
- e) Flexible Spending Account Contributions - \_\_\_\_\_
- f) Pre-Tax Health Insurance Co-pay - \_\_\_\_\_
- g) Total = \_\_\_\_\_

h) X .0765 (1/2 of Social Security Rate)

=

\_\_\_\_\_

(I-C)

- **MAIL a COPY OF the Statement of Pastor's Compensation with the Salary Worksheet as soon as the Salary is approved by the Local Conference and NO LATER THAN JAN 15 TO: Compensation Administrator, Rev. Ken Wiest, E. C. Church Offices, 100 W. Park Ave., Myerstown, PA 17067**
- **DISTRIBUTE COPIES TO:** Pastor, Church Treasurer, & Local Conference Record Book
- **Local Treasurers- please note: If at any time you are unable to pay salary, reimbursement, social security, or pension contribution, the Conference Minister is to be notified immediately.**

SIGN BELOW:

Pastor:

---

Chairman of Official Board/Ministry Council:

Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

Time: \_\_\_\_\_

Revised Aug., 2007

**PASTOR'S COMPENSATION AGREEMENT FORM**

**January 1, 2008 to December 31, 2008**

**Resolution to Adopt a Housing Allowance or a Parsonage Furnishings Allowance**

**When the Church Owns the Parsonage:**

The Chairman of the Stewards / Finance Committee has informed the Local Conference of the \_\_\_\_\_ Evangelical Congregational Church that under the tax law, a minister of the Gospel is not subject to federal income tax on "the parsonage allowance paid to him as part of his compensation to the extent used by him to provide a home."

The parsonage is owned by the church and actual utility expenses will be paid by the church. After considering the estimate of Rev. \_\_\_\_\_ of his additional parsonage expense, motion was made by \_\_\_\_\_ and seconded by \_\_\_\_\_ and passed to adopt the following resolution: *Resolved that the Cash Salary of Rev. \_\_\_\_\_ be established at \$ \_\_\_\_\_ for the calendar year, and that the amount of \$ \_\_\_\_\_ from the salary be designated as Parsonage Furnishings Allowance, according to IRS Code Sec.107. This resolution shall be good and valid for the upcoming salary year and all years afterward unless changed by this body.*"

**When the Pastor Owns or Rents his own Home:**

The Chairman of the Stewards / Finance Committee has informed the Local Conference of the \_\_\_\_\_ Evangelical Congregational Church that under the tax law, a minister of the Gospel is not subject to federal income tax on "the housing allowance paid to him as part of his compensation to the extent used by him to rent or provide a home."

Actual utility expenses will be paid by Rev. \_\_\_\_\_. After considering the estimate of Rev. \_\_\_\_\_ of his additional estimated housing expense, motion was made by \_\_\_\_\_ and seconded by \_\_\_\_\_ and passed to adopt the following resolution: *"Resolved that the Cash Salary of Rev. \_\_\_\_\_ be established at \$ \_\_\_\_\_ for the calendar year, and an additional amount of \$ \_\_\_\_\_ be paid as a Housing Allowance, according to IRS Code Sec. 107. This resolution shall be good and valid for the upcoming salary year and all years afterward unless changed by this body."*

Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

Signed: \_\_\_\_\_

Chairman: Official Board/Ministry Council

Time Adopted: \_\_\_\_\_

\_\_\_\_\_  
Pastor

**Resolution to Adopt an Accountable Reimbursement Plan**

The Chairman of the Stewards / Finance Committee informed the Local Conference that according to Sec. 62(a)(2)(a) of the IRS Code, an employee that adequately accounts to the employing body of his professional expenses is allowed a deduction from gross income. Sec 62(C) further requires an employee to return any excess reimbursement or advance to the employer within a reasonable time. Reg. 1-62-2(d)(3) further requires that no part of an employee's salary be re-characterized as being paid under this reimbursement arrangement. A motion was made by \_\_\_\_\_ and seconded by \_\_\_\_\_ and passed to adopt the following resolution: *"Resolved that in addition to the salary provided as an employee, we will reimburse our pastor up to the amount not to exceed \$ \_\_\_\_\_ for auto/travel expenses and \$ \_\_\_\_\_ for professional/business expenses, considered ordinary and necessary for him to carry out his duties. Expenses must be substantiated to the Church treasurer as to the date, amount and purpose within 30 days after they are incurred. Any excess reimbursement must be refunded to the church within 60 days after the expenses are paid or are incurred. This resolution shall be good and valid for the upcoming salary year and all years afterward unless changed by this body."*

Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

Signed: \_\_\_\_\_

Chairman: Official Board/Ministry Council

Time Adopted: \_\_\_\_\_

\_\_\_\_\_  
Pastor

(Revised August, 2007)

## Estimate of Housing Allowance for 20\_\_\_\_\_

I, \_\_\_\_\_, certify that I am a minister of the gospel, and I estimate my housing cost for the calendar year of 20\_\_\_\_ as follows:

- |     |                                                  |          |
|-----|--------------------------------------------------|----------|
| 1.  | Rent                                             | \$ _____ |
| 2.  | Mortgage (including down payment)                | \$ _____ |
| 3.  | Real Estate Tax                                  | \$ _____ |
| 4.  | Insurance (home and contents)                    | \$ _____ |
| 5.  | Repairs, Improvements, and Maintenance           | \$ _____ |
| 6.  | Household Furnishings and Appliances             | \$ _____ |
| 7.  | Decorator items (drapes, carpet, pictures, etc.) | \$ _____ |
| 8.  | Utilities (electricity, gas, water, and sewage)  | \$ _____ |
| 9.  | Lawn Maintenance, Landscape, and Pest Control    | \$ _____ |
| 10. | Any other allowance expense (Specify)            | \$ _____ |

**Estimated Total Annual Housing** \$ \_\_\_\_\_

**Allowance Amount per Month (1/12 of yearly total)** \$ \_\_\_\_\_

I understand that the total allowance permitted is limited to the fair market rental value of my home plus the cost of utilities and furnishings.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Adopted by the Board on \_\_\_\_\_

# Housing/Parsonage Allowance Exclusion Worksheet

A. Housing Allowance

Home Owned or Rented

The exclusion is limited to the least of:

1. Amount designated as housing Allowance by Church \_\_\_\_\_
  
2. Amount actually used to Provide a home:
  - Rent \_\_\_\_\_
  - House Payments \_\_\_\_\_
  - Furnishings \_\_\_\_\_
  - Repairs \_\_\_\_\_
  - Insurance, Taxes \_\_\_\_\_
  - Utilities \_\_\_\_\_
  - Other expenses \_\_\_\_\_
  - (include down payment, interests, etc., but not food or servants or entertainment)
  
3. Fair rental value of home, including Furniture, utilities, and garage \_\_\_\_\_

B. Parsonage

Parsonage Provided

Fair Rental Value of Parsonage \_\_\_\_\_

Based on the above figures (either A or B), the amount of the minister's housing allowance excludible from income tax liability is \_\_\_\_\_.

*The entire designated ministerial housing allowance is subject to self-employment tax unless the minister has "opted out" of Social Security or the minister is retired.*

This form is taken from the IRS Audit Guidelines for Ministers (<http://www.irs.gov/pub/irs-mssp/minister.pdf>).

## **PART-TIME**

**906.2. Part-Time Pastors (PT).** A part time pastor is a pastor who has been assigned to a church or charge and receives less than the minimum annual salary package as established by the National Conference and has permission to seek outside employment. To assure adequate compensation for the level of part time work expected by a congregation and to assist the Board of Benefits in assigning certain benefits, part time pastors shall be classified in one of three categories:

|                      |                      |
|----------------------|----------------------|
| Quarter time-        | 10-15 hours per week |
| Half time-           | 20-25 hours per week |
| Three-quarters time- | 30-35 hours a week   |

**Consult with your Stationing Elder before establishing a part-time compensation package.**

## **TRANSITIONAL MINISTRY (INTERIM)**

**905.2.6.** The Conference Minister, or the Stationing Elder at the invitation of the Conference Minister, shall negotiate the “Evangelical Congregational Transitional Ministry Covenant” and the “Compensation Covenant” with the transitional pastor, other team members, and the congregation. The Conference Minister shall oversee the work.

## **FAQ: Flexible Spending Accounts (FSA's)**

(For details -- see Flexible Benefit Plan- Summary Plan Description)

*Why the need for a change from our current MERP? Our health insurance broker, Corporate Synergies, has informed us that we are not in compliance with IRS rules and codes regarding a Medical Expense Reimbursement Plan (MERP). A MERP is also called a Health Reimbursement Account (HRA). HRA's are funded solely by the employer and any remaining funds at the end of the year can be carried over to the next year. We called ours a MERP, but most of the funding for them came as payroll deduction from the pastor's salary and we did not allow any remaining funds to be carried over to the new year; thus we were not in compliance as the IRS defines a MERP. FSA's allow for both the employer (the church) and the employee (the pastor) to contribute. In the FAQ below, FSA's are further explained.*

**What are FSA's?** The church establishes a Flexible Benefit Plan from which the pastor can be reimbursed for specified medical expenses. (see Health Care Flexible Spending Account agreement form included)

**How did FSA's originate?** Congress passed the Revenue Act of 1978 initiating Flexible Spending Accounts. They are also part of the IRS Code Section 125 – also called 'cafeteria plans'.

**Who is eligible for an FSA?** All licensed, assigned pastors are eligible who are employed a minimum of 25 hours/week.

**How is my FSA funded?** With the establishment of the FSA, the pastor determines how much he elects to contribute for that Plan year. (The Plan year is the same as our salary year: Jan 1- Dec 31) This amount will be deducted from each paycheck, on a pre-tax basis, and credited to your FSA. This means that your pay check will be reduced by the pro-rated amount that the pastor determines that he wants to contribute.

**Can my church contribute to my FSA?** Yes, The IRS allows employer contributions and by National Conference Rule 1002.7, churches are to provide \$500. Pastors can only receive this \$500 if they agree to participate in the FSA with their own payroll contribution and if they are a participant in the health insurance plan of the denomination as administered by the EC Church Benefits Corporation.

**Is there a maximum amount that can be contributed?** Yes, the National Conference Compensation Committee has established a maximum of \$4000 that can be contributed to the FSA. This amount includes the \$500 church (employer) contribution.

**Can I change how much I contribute to my FSA during the year?** The basic answer is No, but there are qualifying life events or change in status that do allow a revision. Generally, the amount the pastor elects to be withheld from his salary when the salary is set is the figure that will be in effect for the entire salary year. (See Summary Plan Description for specifics)

**How am I reimbursed?** You need to submit supporting documentation to the agent in your local church who will review your claim.

**How often can I be reimbursed?** Generally, claims are submitted once a month.

**What if my claims to submit for reimbursement exceed what I have credited to my FSA?** You may be reimbursed at any time during the year, regardless of how much has already been credited to your FSA, as long as your total submitted claims do not exceed the amount that you set for the entire Plan year. Once you use up the amount that was set for the entire Plan year, you cannot submit any further claims for reimbursement unless you qualify for a revision or a new Plan year begins.

**What kind of documentation?** Copies of Explanation of Benefits from the health insurance provider that indicate the amount of unpaid expense; medical bills showing what the health insurance company paid and did not pay; and/or itemized receipts that indicate payment for medical expenses not covered under the health care plan

**Who is the agent in my church who reviews my claim?** In most cases, this will be the church treasurer, but the person responsible may vary from church to church.

**Can I submit health care expenses for my family?** Yes, eligible health care expenses incurred by you, your spouse or any dependent (as defined for Income tax purposes) are allowable

**What are eligible medical expenses?** Any expense allowed as a medical deduction under the IRS Code Section 213, such as deductibles, co-pays, routine physicals, vision and dental care; and medications purchased without a doctor's prescription. (see Summary Plan Description for specifics)

**What medical expenses are not eligible?** Health care insurance premiums, cosmetic surgery, costs of weight loss programs, long-term care insurance, dietary supplements (ex.: vitamins) that are merely beneficial to your general health (See Summary Plan Description for specifics)

**What happens if I do not have enough medical expenses during the year to claim reimbursement of all the money that I have contributed to my FSA?** IRS rules forbid any kind of refund or transfer of any unused funds that remain in the FSA at the end of the year. The cliché "use it or lose it" applies to any unused funds. For this reason, please determine a conservative amount when setting your contribution. No funds may be carried over from one year to the next. All funds remaining in the account at the end of the year are to be remitted to the Plan Administrator, the EC Church Benefits Corporation. By IRS regulations, the Corporation must then divide and distribute any remaining monies, equally, to all plan participants. PLEASE SET A CONSERVATIVE AMOUNT FOR YOUR CONTRIBUTION!

**What happens if my medical expenses occur in December and the Explanation of Benefits do not come until January of the new year?** If you have funds remaining in your account at the end of the year and you have participated in the Plan for the whole Plan year, you may submit claims for reimbursement for 90 days (or until March 31st) and use the funds remaining in the old year's FSA. If you do not have any funds remaining in the old year's FSA, these expenses may be submitted against the new year's FSA account.

**What happens if I leave my church in the middle of the Plan year (ex.: assigned to a new church at National Conference)?** If your salary was set and approved with a FSA contribution, you could use all of the amount designated, even though, you would not have had all of it credited yet to your FSA account when you are moved. Ethically, a better solution would be to use only the amount that has been actually credited to your FSA account for reimbursement through your final paycheck at that church. If you have unused funds left in your FSA at the time of your move, you will forfeit those unused funds, but you will have 90 days to submit any outstanding claims for expenses that you and/or your family incurred while pastor at that previous church.

**How does my participation in a FSA affect my taxable income?** Neither the amount you determine as your

contribution to your FSA, nor the church's contribution are subject to federal income tax nor are they subject to Social Security Employment Tax. This means your taxable income is reduced by the amount you designate as your contribution.

**What is meant by the Pre-Tax Premium portion of the Flexible Benefits Plan?** This refers to Item #15 in the 2007 Compensation Committee Report, where churches have the option to deduct a portion of the pastor's salary as payment for health insurance premiums according to the schedule in Item #15 of this National Conference report. This deduction is determined in discussion between the pastor and his church at the time the salary package is approved. This aspect of the Flexible Benefit Plan allows this deduction to be made pre-tax, as a deduction from the pastor's gross income for each payroll period. Your new gross income is your income less the pre-tax premium to the health insurance plan.

*Please read carefully the Flexible Benefit Plan-Summary Plan Description before deciding whether an FSA is right for you and your family.*

**Evangelical Congregational Church**  
**FLEXIBLE BENEFIT PLAN**  
**Health Care Flexible Spending Account (FSA)**

The Evangelical Congregational Church has established a Flexible Benefit Plan within the meaning of Section 125 of the Internal Revenue Code of 1986. The Flexible Benefit Plan has been established to offer a choice among benefits with the intent that participants will not have to include as taxable income the amount of compensation they have foregone to pay for contributions to eligible benefits offered by your employer. This Summary Plan Description (SPD) describes the benefits, terms, and conditions of the Plan as it applies to the eligible participants as described in the Evangelical Congregational Church Benefits Corporation By-Laws Article IX, Section C. The Health Insurance Plan on or after their effective date for participation.

This is a summary of the Flexible Benefit Plan and is not meant to interpret, extend or change the Flexible Benefit Plan in any way. We suggest you read the summary carefully so that you may understand the Flexible Benefit Plan's operation and its benefit to you..

**Plan Name: Evangelical Congregational Church Flexible Benefit Plan**

**Plan Effective Date: Jan. 1, 20 \_\_\_\_ to December 31, 20 \_\_\_\_**

**Plan Year: January 1 – December 31**

**Plan Administrator:           Rev. Kenneth Wiest**  
**EC Church Benefits Corporation**  
**100 West Park Avenue**  
**Myerstown, PA 17067**  
**(717) 866-7581**

**Maximum Contribution: \$4000 (combined pastor and church contribution)**

**Name of Pastor (Plan Participant):**

**Name of Church (employer) :**

**Address:**

**Phone:**

**Employer's Federal Identification Number (EIN):**

**Church Agent for Service for Review of Claims: Name:**

**Address:**

Phone:

Date Approved:

Effective Date:

Signed: \_\_\_\_\_ (Plan Participant)

\_\_\_\_\_  
(provide name and church office) (Church Representative)

*Please retain this information for future reference.*

This summary plan description describes a cafeteria plan under Section 125 of the Internal Revenue Code of 1986 which includes one or more flexible spending account(s) as benefits eligible for selection by participants.

**Please send a copy of this form to: Rev. Ken Wiest at the address above, along with the other Pastor's Compensation Forms as soon as the salary package has been set and no later than Jan. 15.**

**Evangelical Congregational Church  
FLEXIBLE BENEFIT PLAN  
SUMMARY PLAN DESCRIPTION**

**Who can participate in the Flexible Benefit Plan?** The Evangelical Congregational Church permits all active, full-time pastors; licensed ministers of the denomination serving in an ancillary capacity; term or career missionaries; full-time employees of Evangelical Theological Seminary; personnel employed at minimum of 25 hours per week and endorsed by the Stationing Committee; and employees of National Conference are eligible to participate on the first of the month of the month that their employment with the Evangelical Congregational Church commences. (See -- EC Church Benefits Corporation By-Laws Article IX, Section C)

**What happens when I elect to contribute to the Pre-Tax Premium portion of the Flexible Benefit Plan?**

As a participant in the Flexible Benefit Plan, you can make your optional insurance premium co-pay contributions on a pre-tax basis, instead of after-tax. To do this, your regular insurance co-pay contribution is deducted from your gross income for each payroll period, and your employer pays your insurance premiums. Your new gross income is your income less the pre-tax contributions to the insurance plans.

**What happens when I elect to contribute to Flexible Spending Account (FSA) portion of the Flexible Benefit Plan?**

Your employer will establish a Flexible Spending Account on your behalf. The amount that you elect to contribute will be pro-rated and deducted on a pre-tax basis from each paycheck for the upcoming Plan year. These deductions will appear as a credit to your Flexible Spending Account. As you incur eligible expenses, you will submit a claim in order to be reimbursed from your account.

**How much can the church ( employer) contribute to the Flexible Spending Account (FSA)?**

The National Conference of the Evangelical Congregational Church as part of the Compensation report has approved that each church or employing body is to contribute \$500 to each pastor's FSA.

**Are there any ways that my election can be modified by my employer in the middle of a plan year if there is a nondiscrimination problem?** The Flexible Benefit Plan is required to meet certain nondiscrimination

provisions as outlined by the Internal Revenue Code. Your employer reserves the right to modify the amount of any benefit elections of any highly compensated employee by the amount necessary to allow the Plan to satisfy these nondiscrimination requirements.

**What happens if I terminate employment?** If you terminate employment, you will no longer be eligible to participate in the Flexible Benefit Plan. Typically, your pre-tax contributions would continue through your last regular payroll period. Termination of participation in the Flexible Benefit Plan will not affect any rights you may have to continue participation in certain health plans (example: COBRA).

**Can I change my decision to participate?** The decision to participate will be binding for the full Plan year. You may change this election only under the following circumstances:

- a. You may change your participation election prior to the beginning of each new Plan Year. The election you make will be binding for the new Plan year.
- b. You may make a new election **only if** you had a “change in status” **and** the requested election change is consistent with that change in status. The events that constitute a change in status include the following:
  1. Events that change your legal marital status, including marriage, death of spouse, divorce, legal separation, and annulment.
  2. Events that change your number of dependents, including birth, death, adoption, and placement for adoption. (Note: Gaining or losing a dependent who is not a tax dependent—such as a parent, domestic partner, or child of a domestic partner—will not be considered an allowable event for an election change).
  3. Events that change your employment status or the employment status of your spouse or dependents that affect your eligibility for benefits including a termination or commencement of employment, a commencement of or return from an unpaid leave of absence or a change in worksite.
  4. Events that cause your dependent to satisfy or cease to satisfy eligibility requirements for coverage on account of attainment of age, student status, or any similar circumstances.
  5. A change in your place of residence, the place of residence of your spouse or dependent that effect eligibility for benefits under the plan.

*Please note, it is possible to experience a “change in status” event, but not have the change affect your eligibility to participate in benefits. In this case you cannot make a change in your election.*

**Are there any other events that allow me to change my decision to participate in the cafeteria plan that do not fit the events listed above?** IRS regulations allow participants to make a mid-year election change to Health Care FSA's or Pretax Premiums for certain “Special Events” that are not specifically addressed in the Changes in Status categories. These events are:

**1. Exception for COBRA Qualifying Events.** If you, your spouse or dependent gain or lose coverage due to a COBRA qualifying event, you may change your election to pay for the continuation of coverage on a

pre-tax basis or to reduce your election for the corresponding loss of coverage.

**2. Judgment, Decree or Order.** If there is a judgment, decree or order resulting from a divorce, legal separation, annulment or change in legal custody that requires a change in accident or health coverage for your child or foster child, you may make an election change to add or drop coverage as ordered.

**3. Entitlement to Medicare or Medicaid.** If you, your spouse or dependent becomes entitled to Medicare or Medicaid, you may make a prospective election change to cancel or reduce health coverage under the employer's plan. If you, your spouse or dependent loses coverage to Medicare or Medicaid, you may make a prospective election to commence or increase coverage under the employer's plan.

**4. HIPAA Special Enrollment Rights.** If you gain the right to enroll in the employer's group health plan or to add coverage for a family member under the special enrollment rights of HIPAA, the participant may revoke an election for coverage during a period of coverage and make a new election.

**Are there any rules that apply if the cost or coverage of my benefits change?** If there are changes in the benefit plan ( Referred to as The Health Insurance Plan as administered by the Evangelical Congregational Church Benefits Corporation), you will be allowed to make a new election .

**Can I make a new election if I terminate employment and I am rehired in the same plan year?** If you terminate employment and rehired in less than 30 days, you will re-enter the plan with the same election you had before you left. The employer must allow the full target amount. In this case, you do not have to pay the missed premiums, but expenses incurred during the time off are not eligible. If you are rehired after 30 days, you may make a new election

**When do changes in election become effective?** If you make a change in election, your new election amount will be effective on the first of the month following the date on which written notice is received of the change.

**Are there special rules that affect participants in the flexible benefit plan who take a leave under FMLA?** Under the Family and Medical Leave Act (FMLA), you are entitled to continue health coverage during the period of the leave if this benefit was in effect prior to the date on which the leave began. If this is the case and you participate in the Flexible Benefit Plan, you are required to make any applicable contributions to the Flexible Benefit Plan for coverage extended during the leave. If the leave is paid, salary deduction contributions will continue during the length of the leave. If the leave is unpaid, there are several options available for you to continue contributions to the Flexible Benefit Plan during your leave or you have the right to terminate coverage during the leave and reinstate it when you return from leave.

**What happens if I do not incur enough eligible expenses during the plan year to claim reimbursement of all the money I have contributed to the Flexible Benefit Plan?** IRS rules do not permit a refund of any unused funds that remain in your Flexible Spending Account at the end of a Plan year. Also, you cannot transfer money designated for the Flexible Spending Account to any other account or fund. As per IRS Code Section 125, any remaining funds in the account at the end of the year, are to be remitted to the Plan Administrator, EC Church Benefits Corporation. For this reason, it is important that you be conservative when setting your targeted contributions.

**How much time do I have to submit a claim?** If you remain a participant in the Health Care Flexible Spending Account for the full plan year, you will have **90 Days (by March 31st)** after the end of the Plan year to submit a claim for expenses incurred the previous year.

If you terminate participation in the Health Care Flexible Spending Account, you will have 90 days after your employee termination date to submit a claim for expenses incurred during your period of coverage.

**Are there other ways that my participation in the Flexible Benefit Plan can be terminated?** If you no longer meet the employee eligibility provisions of the Flexible Benefit Plan or your employer terminates the plan, your participation will be terminated.

**Are the benefit contributions to the Flexible Benefit Plan reported as income on my Form W-2?** The amounts that are contributed to the Flexible Benefit Plan, both by the employer and employee, are not considered taxable wages by the IRS and most States.

**How do Flexible Benefit Plan contributions affect my Social Security benefit?** For clergy, participation in the Flexible Benefit Plan will reduce your gross taxable income for computation of your Self-Employment Social Security Tax. Participation in the Flexible Benefit Plan does reduce your gross taxable income and may affect your Social Security benefit by reducing the total taxable income used to calculate your Social Security benefit. In most instances, the current tax savings under the Flexible Benefit Plan will outweigh the slight impact on future Social Security benefits.

**Can my employer terminate or amend the Flexible Benefit Plan?** The Flexible Benefit Plan can be amended or terminated, in whole or in part at any time, by action of the National Conference of the Evangelical Congregational in the same manner as the plan was adopted. Consent of any participant, employee or any other person referenced in the Plan is not required to terminate the Plan except to the extent of their right as a voting member of National Conference of the Evangelical Congregational Church.

**How can I appeal a claim decision made under the Flexible Benefit Plan?** If you, as a Participant in the Flexible Benefit Plan, or your beneficiary believe you are entitled to a benefit under the Flexible Benefit Plan that is different from the amount that has been paid, you may file an appeal with the Plan Administrator. You will also be given an opportunity to review any Flexible Benefit Plan documents involved. This appeal must be made in writing within 180 days of the initial determination of the amount that has been paid to you and must contain the following information: the reason(s) for making the appeal, the facts supporting the appeal, the amount claimed, and the name and address of the person filing the appeal (claimant)

The Plan Administrator will generally make a decision within 60 days after receiving the appeal and must mail a copy of the decision to the claimant promptly. The decision will give specific reasons and references to the Flexible Benefit Plan provisions which support the Plan Administrator's decision. This decision will be binding on both the participant and the church.

### **Pre-Tax Premiums**

**What happens to my Pre-Tax Premium election if I drop my insurance during the middle of the Plan Year?** The decision to elect to pay your insurance premiums co-pay pre-tax through the Flexible Benefit Plan is binding for the full Plan Year, unless you are eligible for a change allowed by the IRS.

**Can my employer modify my Pre-Tax Premium election under the Flexible Benefit Plan?** If the amount of your optional premium co-pay contribution increases or decreases as a result of a rate adjustment, your employer may increase or decrease the amount of your Pre-Tax Premium co-pay election.

**Can I change my Pre-Tax Premium election under the Flexible Benefit Plan?** You may change your pre-tax premium election only under the following circumstances: (a.) in coordination with each new plan year; (b.) if you experience a change in status (as previously described); (c.) If you experience a special event (as

previously described); (d.) if you experience a cost or coverage change (as previously described).

## **HEALTH CARE FLEXIBLE SPENDING ACCOUNT**

**Maximum Plan Year Contribution: \$4000 [Combined Church (employer) and Pastor (employee) contributions]**

**How do I qualify to use the Health Care Flexible Spending Account?** If you incur eligible medical expenses during a plan year (such as out-of-pocket deductibles and co-payments) that are not payable from other sources, you can use the Health Care FSA to reimburse you for these expenses with tax-free contributions.

**What are examples of eligible medical expenses that qualify for reimbursement from the Health Care FSA?** Eligible expenses must be allowed as a medical deduction under Internal Revenue Service Code Section 213. Sample health care expenses may include deductibles, co-payments, amounts over the maximum your plan pays for hospital rooms, reasonable and customary allowances, and psychiatric care. Other health care charges that may be covered include routine physicals, vision care, hearing care, dental and orthodontic care as well as certain over-the-counter medications.

**Can I use the Health Care FSA for my family's health care expenses?** Eligible health care expenses incurred by you, your spouse, or any individual who is defined as a dependent for federal income tax purposes are allowable for reimbursement.

**What are some examples of expenses not eligible for reimbursement?** Examples of expenses specifically disallowed from this program include: Cosmetic surgery that does not meaningfully promote the proper function of the body or prevent or treat an illness or disease; membership fees or costs of weight loss programs done for your general health; and premiums paid for insurance coverage, such as COBRA; long term care insurance premiums; and dietary supplements (e.g., vitamins) that are merely beneficial to the general health of the employee, employee's spouse or dependents.

**What do I submit to get reimbursed for qualifying medical expenses?** To be reimbursed for eligible expenses, you need to submit supporting documentation to the agent who reviews your claim. Upon receipt, review, and approval of the claim, you will be reimbursed from your spending account. Reimbursement for qualifying health care expenses will be made up to the total amount of your plan year contribution, less any previous reimbursements. For reimbursement of expenses partially covered under your health care plan submit copies of Explanation of Benefits forms indicating the amount of unpaid expense. For reimbursement of expenses not covered under the health care plan, submit itemized bills for the eligible medical expenses.

**How do I claim reimbursement for orthodontia expenses?** If you pay for the ongoing care of orthodontia, your expenses will be reimbursable if payment for current years services is made by you during the current plan year, even if full treatment will not be performed until a future date within that current plan year.

**If I contribute to a Health Care FSA, does it affect my ability to take advantage of the IRS Medical Expense Tax Deduction on my personal income tax filing?** Expenses that are reimbursed through the Health Care FSA cannot also be used as deductible expenses when filing your personal income taxes. However, the Health Care FSA allows you to save taxes on health related expenses, even if the expenses do not exceed the 7.5% of your gross income required to claim them as a deduction on your personal income tax return.

**Are there any special rules regarding the Health Care FSA if I terminate employment?** If you terminate

employment, your participation in the Health Care FSA will automatically terminate. You can receive reimbursement for eligible health care expenses incurred prior to termination. However, if coverage would otherwise end due to a qualifying event as outlined in the COBRA laws, you and your covered spouse and dependents may be able to continue coverage under the Plan on an after tax-basis, depending on the nature of the event. Contact the Plan Administrator.

## **Statement of Rights**

As a participant in the Health Care FSA, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974. ERISA provides that all Plan participants shall be entitled to examine, without charge, at the Plan Administrator's office and at other specified locations (such as work sites and union halls), all Plan documents, including insurance contracts, collective bargaining agreements and copies of all documents filed by the Plan with the U.S. Department of Labor (such as detailed annual reports and Plan descriptions); obtain copies of all Plan documents and other Plan information upon written request to the Plan Administrator. The Administrator may make a reasonable charge for the copies. You are also entitled to receive a summary of the Plan's financial report, if applicable. The Plan Administrator is required by law to furnish each participant with a copy of the summary annual report, with certain exceptions.

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Health Care Flexible Spending Account. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer or any other person may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA. If your claim for a welfare benefit is denied in whole or in part you must receive a written explanation of the reason for denial. You have the right to have the Plan Administrator review and reconsider your claim.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within 30 days, you may file suit in federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in state or federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay the costs and fees, for example, if it finds your claim frivolous.

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest office of the Pension and Welfare Benefits Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue NW., Washington, DC 20210.

## **Instructions for Establishing a Health Care Flexible Spending Account (FSA)**

Step 1: Pastors – Church Officials -- PLEASE read thoroughly the FAQ – Frequently Asked Questions and the Summary Plan Document so you are familiar with the pros and cons of having a FSA

Step 2: If the pastor determines that he wants to participate in the Health Care Flexible Spending Account, he completes the Medial Expense Worksheet to estimate his medical expenses for the next year based on his current year's expenses.

Step 3: When the pastor meets with his Stewards/ Finance Committee to set his salary for the next year, he presents his request to have \$\_\_\_\_\_ withheld from his paycheck, pro-rated according to the number of pay periods for the year to be credited to a Flexible Spending Account in his name.

Step 4: The pastor determines the amount to be withheld, which cannot exceed the maximum of \$4000, which includes the \$500 church (employer) and the amount designated by the pastor (employee).

Step 5: The Flexible Spending Account Plan Form (page 1 of the Summary Plan Document) and the Flexible Spending Account Agreement Form are completed and presented to the Local Conference for adoption when the pastor's compensation package is approved.

Step 6: As part of the adoption of this plan, a person in the church is designated as the 'Church Agent for Service for Review of Claims'.

Step 7: With each paycheck, the designated amount is withheld from the pastor's paycheck and credited to an interest-free account. This can be an on-paper account only, which shows the pay-roll deduction credited to the account and the amount paid out in reimbursements as a deduction to the account. Any funds remaining in the account at the end of the year are non-transferable either to the church or the pastor and must be remitted to the Plan Administrator, the EC Church Benefits Corporation, as per IRS Code Section 125.

Step 8: Each month the pastor can submit his out-of-pocket medical expenses for reimbursement from his account as per the specifics as explained in the EC Church Benefits Corporation Plan Summary Document.

# Medical Expense Worksheet –for estimating contribution to Flexible Spending Account

Name: \_\_\_\_\_

Church: \_\_\_\_\_

Date: \_\_\_\_\_

Estimate your annual out-of-pocket medical expenses as allowed IRS Schedule A, Medical deductions, Code Section 213, for the coming plan year on the following worksheet. Be sure to include all members of your immediate family. Remember to estimate conservatively and consider *only* those expenses you are sure you will incur. Remember, insurance premiums may not be paid through a reimbursement account.

|                                                                                        | <b>Last Year's Expenses</b> | <b>This Year's Projected Expenses</b> |
|----------------------------------------------------------------------------------------|-----------------------------|---------------------------------------|
| <b>1. Medical Expenses:</b>                                                            |                             |                                       |
| Insurance Deductibles                                                                  | _____                       | _____                                 |
| Insurance Co-Payments                                                                  | _____                       | _____                                 |
| Dental Co-Payments, Orthodontia                                                        | _____                       | _____                                 |
| Immunizations, Injections, and Vaccinations                                            | _____                       | _____                                 |
| Routine Examinations and Physicals                                                     | _____                       | _____                                 |
| Dental Expenses (including crowns, root canals, extractions, and non-cosmetic repairs) | _____                       | _____                                 |
| Prescription Drugs, Certain Over-the-Counter Drugs, or Co-Payment Amount               | _____                       | _____                                 |
| Eyeglasses and Contacts                                                                | _____                       | _____                                 |
| Hearing Examinations                                                                   | _____                       | _____                                 |
| Transportation to and from Medical Provider                                            | _____                       | _____                                 |
| Medically Necessary Nursing Home Care                                                  | _____                       | _____                                 |
| Non-Cosmetic Surgery (LASIK, etc.)                                                     | _____                       | _____                                 |
| Other Expenses                                                                         | _____                       | _____                                 |
| <b>2. Total Expenses for the Year:</b>                                                 | _____                       | _____                                 |

**3. Total amount designated for the year** that will be pro-rated based on the number of pay periods for the year and taken out of each regular paycheck and put into your Flexible Spending Account as per the EC Church Benefits Corporation Flexible Spending Account Plan Document. \_\_\_\_\_  
**(This amount is to include the \$500 church (employer) contribution. The total combined maximum contribution is \$4000.)**

**Flexible Benefit Plan**  
**Health Care Flexible Spending Account (FSA) Agreement Form**  
January 1, 2008 to December 31, 2008

Whereas, \_\_\_\_\_ Church through the Evangelical Congregational Church Benefits Corporation provides a comprehensive program of benefits for its pastors

Whereas, \_\_\_\_\_ Church wishes to establish a Health Care Flexible Spending Account (FSA) to allow reimbursement for eligible medical expenses, related to expenses not covered, such as deductibles, co-insurance and non-covered amounts as explained in the Flexible Benefits Plan-Summary Plan Description as administered by the E.C. Church Benefits Corporation.

Resolved, that \_\_\_\_\_ Church establishes a Health Care Flexible Spending Account (FSA) effective \_\_\_\_\_, 20\_\_\_\_ for the benefit of our pastor [working at least 25 hours or more per week] and his dependents (pastor's spouse and minor children) under Section 105b, (e) of the Internal Revenue Code;

Resolved, that the Flexible Spending Account shall be maintained for the pastor from which covered expenses (as defined in Section 213 of the Internal Revenue Code) for the pastor or his dependents shall be reimbursed.

Resolved, \_\_\_\_\_ Church shall contribute \$500 to the pastor's Flexible Spending Account as approved by National Conference (NC Rule 1002.7).

Resolved, that Rev. \_\_\_\_\_ has established an amount of \$\_\_\_\_\_ to be contributed to this Flexible Spending Account as a payroll reduction from his cash salary. The maximum combined contribution between the pastor and church is \$4000.

Resolved, that the church contribution to the FSA shall be the first monies disbursed as reimbursement each year.

Resolved, that there shall be only one salary reduction election by the pastor each year. This election may be changed during the year only if your 'change in status' meets the criteria as outlined in the Summary Plan Description.

Resolved, that the submission of medical expenses must be in a form and sufficient detail to meet the requirements of the Church and the Internal Revenue Service. If the pastor has been enrolled in the Plan for the full Plan year, expenses may be submitted until March 31 for expenses incurred in the previous calendar year. At that time, any balance remaining in the pastor's account from either the church's or the pastor's contribution as of the end of that calendar year, for which those expenses were submitted, shall be forfeited by the pastor and the church. These funds shall be remitted to the Plan Administrator, EC Church Benefits Corporation as per IRS Code Section 125.

Resolved, that the plan shall be administered in a nondiscriminatory manner and shall remain in effect until modified or terminated by a later resolution.

Motion made by \_\_\_\_\_ and seconded by \_\_\_\_\_  
and passed to adopt the above resolution.

Signed: \_\_\_\_\_  
Church Official and Office

\_\_\_\_\_  
Pastor

Date: \_\_\_\_\_

**Please send a copy of this form to: Rev. Ken Wiest at the address above, along with the other Pastor's Compensation**

**Forms as soon as the salary package has been set and no later than Jan. 15.**

(August, 2007)