Example of Form W-2 for Clergy

Rev. Sue Service serves as pastor of a local United Methodist church. During the preceding year, Rev. Service lived in a church parsonage furnished by her church, and:

1. she received a cash salary of $40,000 from her church;
2. her church properly designated $5,000 of her $40,000 cash salary as a housing (or parsonage furnishing and utilities) allowance;
3. she made a voluntary, pre-tax, salary reduction contribution of $900 to the United Methodist Personal Investment Plan (UMPIP);
4. she made salary reduction contributions of $3,500 through a cafeteria plan for her share of her medical insurance premiums and for a Flexible Spending Account (FSA);
5. she received a non-accountable travel allowance of $3,000;
6. her church paid $14,000 on her behalf for medical insurance premiums;
7. she received reimbursements from her church of $2,500 for travel expenses pursuant to an accountable plan; and
8. her church made a $5,000 contribution to the Clergy Retirement Security Program (CRSP) on her behalf.

The local church should complete Rev. Service’s Form W-2 as follows:

Boxes a –f: Self explanatory.

Box 1: (1) – (2) – (3) – (4) + (5) = $40,000 – $5,000 – $900 – $3,500 + $3,000 = $33,600.

Note: Items (6) - (8) are not included in Box 1.

Box 2: Leave blank. (Here we assume Rev. Service did not request voluntary federal income tax withholding by the church.)

Boxes 3 – 6: Leave blank.

Box 12: Enter E for the Code and $900 for the amount (reflecting the UMPIP contribution)

Box 13: Check the Box labeled “Retirement plan” (reflecting the UMPIP contribution)

Box 14: Enter “Parsonage Allowance $5,000.”

Boxes 15-20: Complete according to your own state’s requirements.

The information provided above is intended to serve as general guidance and should not be construed as legal advice. You should consult a tax professional regarding your particular circumstances. In addition, GCFA is not recommending any particular salary or housing allowance. The example here is merely illustrative.