

## ACCOUNTABLE EXPENSE REIMBURSEMENT POLICY

**For Clergy** (clergy name) \_\_\_\_\_

**of** (church's name) \_\_\_\_\_

**United Methodist Church/Charge located in** \_\_\_\_\_  
(City or County)

The following policy was duly adopted by the Church Council/Administrative Board of \_\_\_\_\_

United Methodist Church (the Church) on \_\_\_\_\_ (date). *(Use one form per appointed clergy.)*

**The Church hereby adopts an accountable reimbursement policy for its present and future pastors upon the following terms and conditions:**

**1. Adequate accounting for reimbursed expenses:** The pastor now or hereafter employed by the Church shall be reimbursed ordinary and necessary business and professional expense related to the pastor's professional duties and functions, if the following conditions are satisfied: (1) the expenses are reasonable in amount; (2) the pastor documents the amount, date, place, business purpose of each such expense with the same kind of documentary evidence as would be required to support a deduction of the expense on the pastor's federal tax return; and (3) the pastor substantiates such expenses by providing the Church with a monthly accounting of such expenses. In no event will an expense be reimbursed if substantiated more than 60 days after the expense is paid or incurred by the pastor. Examples of reimbursable business expenses include, but are not limited to: transportation, overnight travel (including lodging and meals), entertainment, books and subscriptions, education, vestments, and professional dues. Under no circumstances will the Church reimburse the pastor for business or professional expenses that are not properly substantiated according to this policy. The Church and pastor understand that this requirement is necessary to prevent the Church's reimbursement plan from being classified as a non-accountable plan.

**2. Excess reimbursement:** Any Church prepayment or reimbursement that exceeds the amount of business or professional expenses properly accounted for by the pastor pursuant to this policy must be returned to the Church within 120 days after the associated expenses are paid or incurred by the pastor, and shall not be retained by the pastor.

**3. Tax Reporting:** The Church shall not include in the pastor's annual W-2 form the amount of any business or professional expense properly substantiated and reimbursed according to this policy, and the pastor should not report the amount of any such reimbursement as income on form 1040.

**4. Retention of records:** A copy of all receipts and other documentary evidence used by the pastor to substantiate business and professional expenses reimbursed under this policy shall be retained by both the Church and the pastor for at least the amount of time required by federal regulation for such records.

**5. Annual maximum reimbursement:** The maximum amount (if any maximum is to be set) to be reimbursed for all business and professional expenses is to be determined annually for the coming calendar year. The annual maximum amount for any particular year may be amended during that year if deemed appropriate by the Church, but the change should be in effect prior to the occurring of any excess expense.

**This policy shall remain in effect until replaced or amended by action of the official administrative body of the Church. A new policy is to be completed and adopted at the time of any change in a clergy appointment.**

**THE MAXIMUM REIMBURSABLE AMOUNT FOR ALL OF THE PASTOR'S BUSINESS AND PROFESSIONAL EXPENSE FOR THE CALENDAR YEAR OF 2018 IS SET AT \$ \_\_\_\_\_ .**  
*(Use total from Line 8 on Pastor's Support Worksheet)*

**Attest:** \_\_\_\_\_ **Secretary** \_\_\_\_\_ **(Date)**