

## GENERAL INSTRUCTIONS

### PLEASE READ THE INSTRUCTIONS IN FULL BEFORE COMPLETING THE FORM



THE INFORMATION NEEDED TO FILL IN EACH COLUMN IS EXPLAINED BELOW.

PLEASE READ ALL THE INSTRUCTIONS BEFORE YOU BEGIN COMPLETING THE FORM

FOR CLERGY PAYROLL, YOU WILL NEED THE **2024 CLERGY COMPENSATION FORM LINES 1, 5, AND 20**

#### IMPORTANT INFORMATION

#### CERTIFICATE(S) OF INSURANCE

When using an insured contracted service, a certificate(s) of insurance must be returned with the audit. This certificate(s) must have the workers' compensation section designated and must show coverage for the ENTIRE TIME PERIOD OF THE AUDIT.

- **RETURN THE COMPLETED AUDIT FORM TO SOVEREIGN INSURANCE GROUP.** If more space is needed to provide information, please complete additional pages and **submit audit to Sovereign Insurance Group** via email [info@sovinsurance.com](mailto:info@sovinsurance.com) or via fax **610.535.6810**.
- If you have attachments (certificates of insurance), we recommend you send all documents together.
- If you need help or have any questions on this audit contact your service team at **800.222.4478, press Option 1, then Option 0** or email [info@sovinsurance.com](mailto:info@sovinsurance.com)
- If you have questions regarding the **housing definition** please contact Alexa Taylor, Insurance and Benefits Manager at 732.359.1038 or [ataylor@epagnj.org](mailto:ataylor@epagnj.org).

#### CHURCH NAME, CONFERENCE NUMBER, FEIN

- Church Name please complete your church's name.
- Conference Number please indicate your church's four-digit Conference Number, this is also included on your church's master certificate of insurance.
- FEIN please indicate your church's Federal Tax Identification/Employer Identification Number (EIN) if you cannot locate your FEIN/EIN you can contact the IRS to obtain this by calling the Business & Specialty Tax Line at (800) 829-4933. The hours of operation are 7:00 a.m. - 7:00 p.m. local time, Monday through Friday.

#### PAYROLL PER CLASSIFICATION CODE

- Please include the **TOTAL ACTUAL PAYROLL** FOR every W-2 holder which is paid a wage, salary, honorarium, and/or any love offering, including part-time and full-time workers, 1099 recipients, and independent contractors, **unless they had their own workers' compensation insurance during the audit period.** (Workers' compensation is not part of state or IRS filing rules. When completing the audit form, the amount that each person was paid does not determine whether or not they need to be included on the audit form.)
- If they **do not** have their own workers' compensation coverage (uninsured contractor), they must be included on the audit.
- If they **do** have their own workers' compensation coverage, do not list them on the audit. You must obtain a certificate of insurance from them providing proof of workers' compensation coverage. You must submit that document along with your audit. (See the Construction Primer Guideline or FAQ that are available at <https://www.gnjumcinsurance.org/resources> for information about obtaining certificates from contractors).
- If you have no regular paid clergy, include the payroll for any paid interim positions or guest speakers under the 8840 code.

#### 2024 ACTUAL PAYROLL FOR AUDIT PERIOD

Report the TOTAL actual payroll for all employees for the audit period for each classification/code.

#### **THERE IS NO SUBTRACTING DEDUCTIONS OF ANY KIND FROM GROSS PAYROLL FOR THE AUDIT.**

- Payroll means gross wages or salaries before deducting social security or withholding taxes (for clergy - Line 1 of the 2024 Clergy Compensation form).
- Do **NOT ADD OR SUBTRACT** employer or employee contributions to health insurance or to pension plans.
- Do **NOT** include mileage or auto expenses that have been reimbursed or documented with receipts.
- **DO** include as payroll any auto allowance for which you do not require documentation of expenses.
- Include the amount for any church owned housing in the 2024 Actual Payroll for the appropriate classification/code.

## PARSONAGE = 25% OF SALARY; OR HOUSING ALLOWANCE

Rent-free living is church-owned housing provided to the recipient at no charge. **IF HOUSING IS PROVIDED BY THE CHURCH, THIS IS COMPENSATION AND MUST BE REPORTED, even if the housing is not used on a daily basis.**

- If your pastor lives in and/or has use of your parsonage:
  - Include 25% of Pastor's Gross Wages in the total for that individual employee; - **Use Line 20 of the 2024 Clergy Compensation Form**
  - If you reimburse another church for a portion of the "value" of the parsonage, **each church must report its own share** as Housing, which is 25% of the pastor's salary (or actual dollar amount if less than 25%) that is paid by your church
- Non-Cash Compensation:
  - A regular worker under the direction of the church receives no cash compensation but is allowed to live in the church owned house at no cost to the worker, must have the fair market rental value of the house reported as payroll.
    - Example: Person that does custodial work for the church, receives no salary, but is allowed to live in a church-owned house at no cost; indicate their name, title, and under the Housing column the fair market rental value of the house.
- If your pastor receives a housing allowance in lieu of a salary and there is no "Gross Payroll", leave "Gross Payroll" column blank and report 100% of the Housing Allowance (**Line 5 of the 2024 Clergy Compensation Form**) in the total actual payroll.
  - If the housing definition is unclear please contact Alexa Taylor, Insurance & Benefits Manager at 732.359.1038.
- **DO NOT REPORT THE AMOUNT DESIGNATED AS HOUSING EXCLUSION - Line 11 of the 2024 Clergy Compensation Form** (which is a tax deduction and used for IRS purposes only)
  - Example: Pastor receives a \$15,000 housing allowance (**Line 5**) in lieu of salary or in lieu of parsonage and a \$15,000 housing exclusion. **Include \$15,000** as the housing allowance in the pastor's actual payroll total, NOT \$0!
  - If pastor **lives in his/her own house AND does NOT receive a Housing Allowance** (DO NOT INCLUDE amount designated as HOUSING EXCLUSION - Line 11), then **you would not include** that housing amount in your total payroll figure.

## NUMBER OF EMPLOYEES

- Enter the **total number** of full or part time employees for each classification code
- **Full Time** employees as defined by the IRS is an employee employed on average between 30 to 40 hours of service per week, or 130 hours of service per month
- **Part Time** employees are employed on average fewer than 30 to 40 hours a week

## EMPLOYEE CATEGORY - AC, LS, UC

You must include the **total number** of each type of employee by classification code. The employee codes are defined below:

**AC** = Appointed Clergy

**LS** = Laity/Hired Staff (includes supply pastors, youth pastors)

**UC** = Uninsured Contractor (includes all 1099 recipients)

## TYPES OF EMPLOYEES TO INCLUDE ON THE AUDIT & CLASSIFICATION CODE

- Employees of the church (church staff)
- Contracted workers who do not have their own workers' compensation insurance.
- **Note:** Contracted workers who **do have their own workers' compensation coverage, should NOT be listed.** However, you **must obtain a certificate(s) of insurance from them providing proof of workers' compensation coverage** for the ENTIRE AUDIT PERIOD. You **must** submit that document along with your audit.

**YOUR APPOINTED PASTOR IS ALWAYS AN EMPLOYEE for workers' comp purposes! If your pastor is a Supply Pastor (hired by the church through the District Superintendent) report hired clergy as "Lay/Hired Staff" not as "Appointed Clergy."**

### Church/Clerical Employees – NJ & NY 8840, PA 0963:

- Appointed clergy
- Hired clergy (not appointed)
- Lay church office workers (includes youth director/pastor)
- Nursery attendants for worship time (not school or day care workers)
- Musicians
- Paid VBS staff

### Day Care Employees – NJ 8868, PA 0891:

- Teachers, directors and school clerical staff
- Do not include payroll for worship-time nursery attendant

### Cemetery Worker Employees – NJ 9220, PA 0963:

- Workers doing any physical labor relating to the operations of the cemetery, including lawn care and landscaping
- General cemetery maintenance personnel
- Grave diggers

## TYPES OF EMPLOYEES TO INCLUDE ON THE AUDIT *continued*

### **Other Employees:**

- Custodians/Janitors – NJ & NY 9107, PA 0963
- Lawn Care providers – NJ & NY 9107, PA 0963
- Snow Removal providers – NJ & NY 9107, PA 0963
- Thrift Store Staff/Retail Store Staff – NJ 8017, PA 0963
- Drivers (School Operations) – NJ 9106

This is not a complete list; you must report every:

- W-2 holder which is paid a wage, salary, honorarium, and/or any love offering, including part-time and full-time workers
- 1099 recipients and
- Independent contractors, **unless they had their own workers' compensation insurance during the audit period.**

### **"EMPLOYEES" NOT TO BE LISTED ON THE AUDIT**

- NON-CHURCH CONTROLLED SCHOOL PAYROLL. Non-Church-Controlled Schools, Nursery Schools, or Day Cares are required to provide their own workers' compensation insurance
- Volunteer workers
- Contractors or subcontractors that have their own workers compensation coverage in force; they MUST provide the church with a certificate(s) of insurance for the entire audit period of 1/1/2024 to 1/1/2025