

How to Remit UMPIP Contributions for Clergy



Participant vs. Plan Sponsor Contributions

The participant is the clergyperson, and the plan sponsor is the church or conference. Clergy participants can make before-tax and/or after-tax *participant contributions* to UMPIP. The contributions are deducted from compensation by the church. The church or conference can make *plan sponsor contributions* to UMPIP, which they fund and are not deducted from the participant's compensation. In some cases, plan sponsor contributions are conditional upon the clergyperson making participant contributions to the plan.

Before-Tax vs. After-Tax Contributions

Participants may choose to make before-tax and/or after-tax participant contributions. *Before-tax contributions* are deducted from a participant's compensation *before* calculating federal—and usually state— income tax withholding. Federal income taxes are not required to be paid on before-tax contributions until the participant takes a distribution from the plan (e.g., at retirement). *After-tax contributions* are deducted from a participant's pay *after* calculating federal—and usually state— income taxes. When the participant takes a distribution from the plan, no taxes are due on after-tax contributions; however, any accumulated investment earnings are taxable.

A STEP-BY-STEP GUIDE FOR CHURCH TREASURERS AND PAYROLL ADMINISTRATORS

- 1 If your church is electing to sponsor UMPIP for plan sponsor contributions for clergy, submit an ***Adoption Agreement for Local Church/Salary-Paying Unit Sponsorship of Clergy*** to the General Board of Pension and Health Benefits (General Board).

If your church is electing to sponsor UMPIP only for clergy participant contributions, proceed to step 2.

- 2 Have your participant complete a ***Before-Tax and After-Tax Contributions Agreement*** to indicate what percentage or dollar amount of pay he or she wants deducted, if any. This form must be completed before you can deduct contributions from a participant's compensation and remit them to the General Board. By law, contributions cannot be deducted retroactively, and a new form must be completed to change contribution amounts or stop making contributions. Keep the original form submitted by the participant and send a copy to the General Board; however, if you are in one of these **conferences**, send a copy to the conference office instead.
- 3 Have your participant submit an ***Investment Election Form*** if he or she does not have investment elections on file with the General Board. If the participant has investment elections on file for investment of the Clergy Retirement Security Program (CRSP) defined contribution account balance, they will apply to UMPIP.
- 4 Make sure your participant submits a ***Designation of Beneficiary for Retirement and Welfare Plans—Participant*** form for UMPIP, if he or she does not already have one on file with the General Board.
- 5 **If your conference remits UMPIP contributions for clergy**, proceed to step 6.
If your conference does not remit UMPIP contributions for clergy, decide whether to remit contributions to the General Board online or by check.
 - Online via **Contribution Management**: Pay contributions online from the church bank account. For information on how Contribution Management works, view the e-learning presentation ***Introducing Contribution Management***. To sign up for Contribution Management, submit a ***Security Administration Form***.
 - By check: If you choose to remit by check, the General Board will calculate contributions based on your current adoption agreement elections, as well as the participant elections and compensation on file, and mail you a ***Contribution Remittance Reminder*** by the 10th business day of each month. To remit contributions, mail a check from your church bank account to the General Board lock box with the remittance stub.

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General Board

Pension and Health Benefits

Caring For Those Who Serve

How to Remit UMPIP Contributions for Clergy

(continued)

Help When You Need It

The General Board's extranet contains a wealth of information on UMPIP and its administration, along with frequent updates and new information. Go to www.gbophb.org, click "Resources," select "GBOPHB Websites" from the drop-down menu, then click "Extranet (plan sponsors)." The user name is "extranet," and the password is "gbop!123." You can also **sign up** for our UMPIP *Plan Sponsor eNewsletter*.

If your **conference remits** UMPIP contributions, call your conference for assistance. If you need help completing an adoption agreement, call the General Board at 1-800-851-2201 and ask to speak with a Retirement Services representative.

If you have a question about remitting contributions—either via Contribution Management or by check—call the General Board at **1-800-851-2201** (select **3**, then **2** to speak with a Pension Administration representative). Representatives are available Monday through Friday from 8:00 a.m. to 6:00 p.m., Central time.

- 6** Reduce your participant's pay by the amount or percentage he or she elected to contribute.
 - If a participant elects to contribute a percentage of compensation, the contribution amount should equal the elected percentage multiplied by the participant's plan compensation.
 - For clergy *with* a parsonage:
Plan compensation equals cash compensation multiplied by 1.25
 - For clergy *without* a parsonage:
Plan compensation equals cash compensation plus housing allowance
 - Deduct before-tax contributions from the participant's pay before calculating federal and usually state income tax withholding.
 - Deduct after-tax contributions from the participant's pay after calculating federal and usually state income tax withholding.
 - For any percentages or amounts the church contributes as plan sponsor contributions, do not reduce participant pay or change tax withholding.
- 7** If your **conference remits UMPIP contributions for clergy, follow your conference's remittance procedures and see step 8.**

If your conference does not remit UMPIP contributions for clergy, review the General Board-generated contribution file (if remitting via Contribution Management) or the *Contribution Remittance Reminder* (if remitting by check) to make certain that the contribution amounts are accurate and participant contributions match the amounts deducted from the participant's compensation. Remit contributions to the General Board via Contribution Management or by check as soon as possible but no later than the 15th of the month following the month for which the contributions were made.
- 8** Report the amount of any participant before-tax contributions on the participant's **IRS Form W-2** at year end.
 - Reduce "wages, tips and other compensation" reported in box 1 by the amount of before-tax contributions.
 - Report before-tax contributions in box 12 using code E.
 - After-tax and plan sponsor contributions are **not** subtracted from "wages, tips and other compensation" reported in box 1, and they are not shown on the W-2 in box 12 or any other box.