# MAJOR CHANGES

*Included with this revision of the Congregational Treasurer's Manual*
– AUGUST 2022 –

**NOTE: All changes to the manual are not listed on this page; only those determined by its editors to be major.**

**1.335:** Updates the new Social Security wage base limit for 2022.

**1.345:** Updates the Estimated Taxes Worksheet and related tables.

**1.410:** Updates allowable earnings for retirees who are receiving Social Security in 2022.

**3.305 & 7.315:** Announces after 2019, rather than claiming "allowances" newly hired employees will complete the newly designed IRS Form W-4 requesting increases or decreases to the standard tax withholding amounts. Tables for determining the correct amount of federal income tax to withhold are found in IRS Publication 15-T.

**4.200:** Updates the benefit programs administered by CPS.

**4.440:** Updates the health and wellness programs available to workers and their dependents enrolled in CHP.

**5.211:** Updates the annual contributions limits to fund a Tax-Sheltered Annuity.

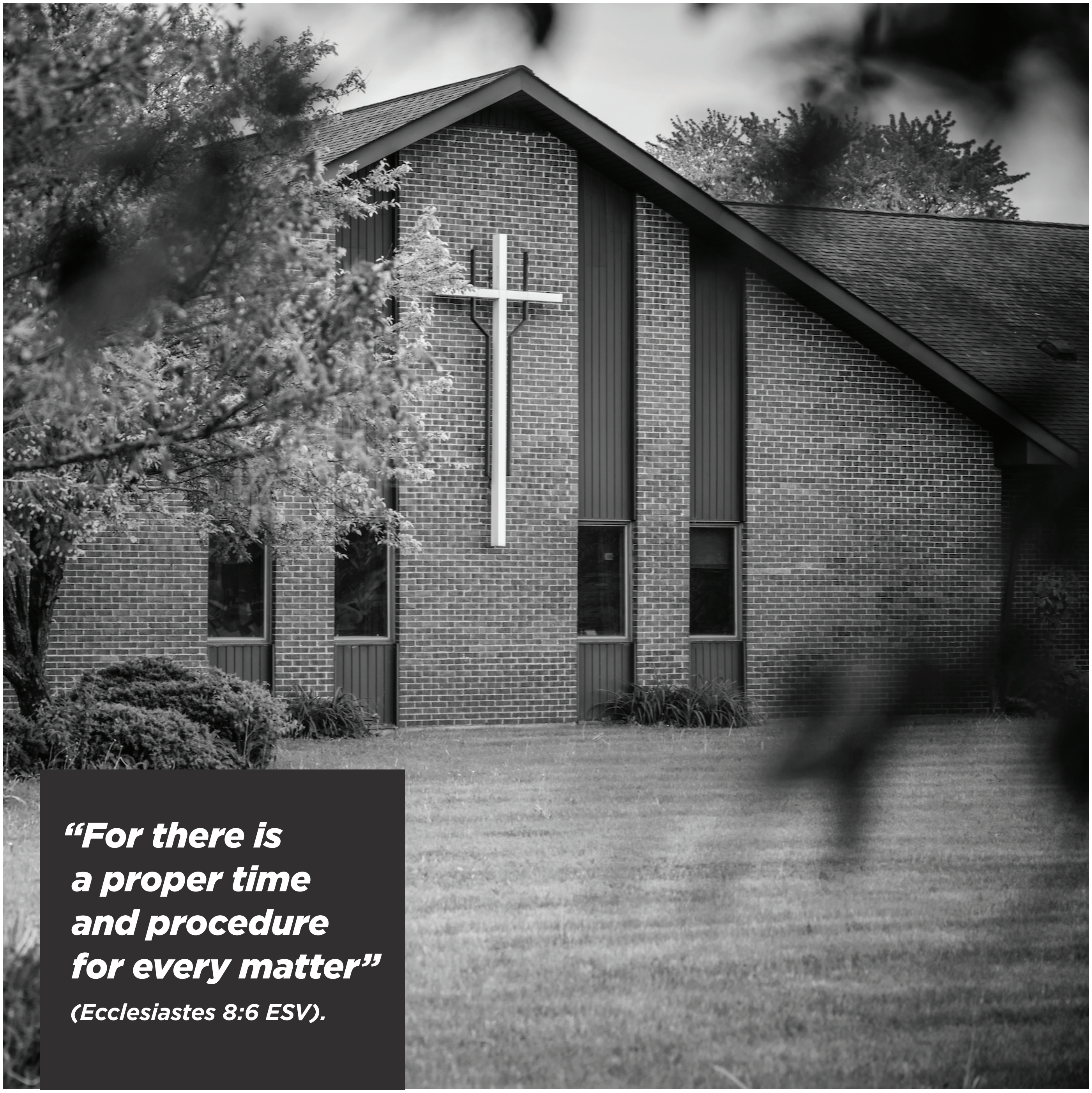
**5.300:** Updates the annual contributions limits to both traditional and Roth IRAs.

**7.230:** Updates the employee's annual contribution limit to Flexible Spending Arrangements for 2022.

**7.343:** Updates the new Social Security wage base limit for 2022.

**Where text refers to the "standard business mileage rate," this rate is currently 62.5 cents/mile for 7/1/22 through 12/31/22. From 1/1/22 to 6/30/22 the rate was 58.5¢/mile. Unfortunately, IRS had not released the 2023 rate when this manual was being printed. As soon as it is available, we will update and post the new rate at *lcms.org/resources*.**

**The Congregational Treasurer's Manual is published in a printed format and on CD, both available through your district office. It may also be viewed at *lcms.org/resources.***




# Congregational Treasurer’s Manual

THE
**LUTHERAN CHURCH**
MISSOURI SYNOD

32nd Printing 2022
The Lutheran Church—Missouri Synod
1333 S. Kirkwood Road
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# Foreword

> **"Each one should use whatever gift he has received to serve others, faithfully administering God's grace in its various forms."**
>
> *This quote from 1 Peter 4:10 is especially applicable to the gift of administration for the church treasurer. This manual is dedicated for your use with your gift of administration to the glory of God.*

Regardless of its organizational size, the treasurer's position for a church or school is one of the most time-consuming and responsible jobs. The treasurer is expected to provide timely and reliable information to councils, boards and voters' assemblies; pay the bills on time; make certain adequate cash is available; to comply with complex and demanding payroll and tax requirements; handle administrative matters, and help the organization make responsible financial decisions for the benefit of its ministry. The treasurer truly must be the wise steward.

This congregational manual is written for every treasurer, no matter what the level of expertise, and is organized into two volumes, containing six major sections: "Employment Issues"; "Federal and State Tax Matters"; "Establishing and Administering the Organization"; "Supporting Organizations"; "Accounting and Finance"; and "Insurance."

Highlights include:

- Payroll and bookkeeping chapters that address tax, accounting and finance issues for the organization and its employees.
- Examples and filled-in forms of a sample congregation's bookkeeping system, including payroll forms and related federal tax reports.
- Recommended practices by the tax and legal counsel of the Synod for all LCMS congregations and schools. (Please note: These may not be the only methods of reporting taxes and payroll.)

The Congregational Treasurer's Manual is published in a printed format and on CD, both available through your district office. It may also be viewed at *lcms.org/resources*.

Volume 1 is being printed this year in large-scale quantities to replace the stale-dated material in previous editions. Volume 2 is only printed as needed. To obtain a printed copy of Volume 2, contact your district for options. The CD has some of the forms illustrated in this manual available for interactive use.

Inquiries regarding this manual can be addressed to the Accounting Department, The Lutheran Church— Missouri Synod, 1333 S. Kirkwood Road, St. Louis, MO 63122-7295, or by calling 800-248-1930. You may also contact your district office, which is noted in Chapter 17.

The Synod is unable to provide legal or tax counseling services so please consult with competent professionals in your area if a situation arises.

This resource was produced by the District Business Administrator's Association, the Office of the Treasurer and the Department of Accounting of The Lutheran Church—Missouri Synod. Editing of this edition of the manual was done by Pam Palmer, director of Tax & Compliance in the Synod's accounting department, with assistance from Marilyn Allen, business manager of the LCMS Northwest District; Brenda Bacon, business manager of the LCMS New England District; Cathy Korp, controller of the LCMS Pacific Southwest District; Roger Curtis, Business manager of the Iowa District West; Denise Lo, business administrator of the LCMS California Nevada Hawaii District; Sally Naglich, business manager of the LCMS English District; Leslie Sramek, business manager of the Southern Illinois District; and Chad Zinnel, business manager of LCMS South Dakota District. Additional assistance provided by Ross Stroh, executive director of accounting, and Shannon Stackle of the accounting department.

Thank you also is given to other department heads of The Lutheran Church—Missouri Synod who provided information; congregational treasurers throughout the church who provided review comments; and the many others who encouraged the development of this manual.

# Contents

# VOLUME 1

## SECTION 1
## EMPLOYMENT ISSUES

# SECTION 2
# FEDERAL AND STATE TAX MATTERS



# SECTION 3
# ESTABLISHING and ADMINISTERING the ORGANIZATION

## SECTION 4
## SUPPORTING ORGANIZATIONS



## GLOSSARY (Volume 1)

## BLANK FORMS (Volume 1)

# VOLUME 2

## SECTION 5
## ACCOUNTING and FINANCE

# SECTION 6
# INSURANCE

# Section 1

# Employment Issues

## Chapter 1: Ministers of the Gospel

# 1.100: Status

## 1.105: Pastors

Ordained pastors (including ordained specific ministry pastors) in the exercise of the ministry in The Lutheran Church—Missouri Synod (LCMS) are considered "ministers of the Gospel" by the Internal Revenue Service (IRS) and are subject to special tax rules and privileges.

## 1.110: Certified Teachers/DCEs/DCOs/ Deaconesses/Parish Assistants/ Certified Lay Ministers/Directors of Parish Music/and Directors of Family Life Ministry

All certified teachers, directors of Christian education, directors of Christian outreach, deaconesses, parish assistants, certified lay ministers, directors of parish music and directors of family life ministry who are listed on Synod's roster ("Lutheran Annual," under Minister of Religion — Commissioned) as graduates from one of Synod's educational institutions or who are qualified workers that have completed an approved colloquy or distance learning program and are in the exercise of the ministry are "ministers of the Gospel" because of specific rulings issued by the IRS. (See 1.905, 1.910 and 1.920. Ref. PLR 92-21025.) The IRS application to the professional church worker is often misunderstood by some IRS employees and tax preparers.

## 1.115: Ministers of Religion— Ordained or Commissioned

The Lutheran Church—Missouri Synod, in its 1983 convention, both reaffirmed the importance and classified the status of its ministers of religion. In its 1986 convention, it extended what was begun in 1983 — to consistently refer to its ministers as either ordained ministers or commissioned ministers.

Resolution 5-09A from the 1983 convention reaffirms the LCMS position that many different functions belong to the office of the public ministry. These functions may be performed, to varying degrees, by persons holding various positions and titles. In order to clarify these positions and titles, the Synod has established two classifications: "minister of religion, ordained;" and "minister of religion, commissioned." The functions performed by persons classified as "ministers of religion" contribute vitally to the discharge of the office of the public minis- try. This is evidenced by the fact that such ministers are voluntarily eligible to hold membership in The Lutheran Church—Missouri Synod, a status not granted to any other individuals.

## 1.120: Call, Appointment and Contract

Although a call is in nature also a contract, synodical usage has differentiated between call and contract. Divine calls may be extended only to those persons who are on or who are eligible for inclusion on the synodical membership roster.

A call may be for a limited period of time (non-tenured) or permanent (tenured).

A contract is an agreement between an appointing body and an individual. Such an arrangement applies when the individual is not eligible for a call, and may ap- ply in situations in which either party does not choose to use a call arrangement. A non-synodically trained person **cannot be called**, only **contracted**. Also, in some instances, synodically trained persons called to a congregation exercise contracts instead of call documents.

However, it should be clear in the following sections that those persons in ministry on Synod's roster are to be treated as ministers of the Gospel for payroll tax purposes, regardless of whether they execute a contract or a call document for full-time or part-time status.

## 1.140: The Importance of Being "in Ministry"

In addition to being an ordained or commissioned minister within The Lutheran Church—Missouri Synod, an individual must earn his/her compensation "in the exercise of the ministry" in order to be entitled to the treatment afforded to a "minister of the Gospel" under tax law.

"In the exercise of the ministry" is explained in this condensed version of an article by Synod's legal counsel.

> The Internal Revenue Code allows a "minister of the Gospel," under certain circumstances, to exclude from taxable income the value of a parsonage or a housing allowance. To qualify for the exclusion, the home or housing allowance must be provided to a minister and must be part of compensation paid for services as a minister of the Gospel. Being ordained or commissioned or being on a roster is not enough.
>
> If a minister is not conducting activities in the "exercise of his/her ministry," he/she cannot take advantage of the parsonage or housing allowance exclusion. Both the minister and the employer may be penalized if this requirement is ignored.
>
> The exercise of the ministry includes teaching or holding administrative positions in churches, parochial schools, colleges or universities and other religious organizations under the authority of a church.
>
> Ministers, congregations and other organizations served by them should consider this:
>
> If a particular position could be performed by someone other than a minister, but the minister's education and experience contribute significantly to the performance, this should be clearly stated in a

written job description or employment agreement. Then the minister can be treated as "in ministry."
If a minister does not regularly and significantly engage in sacerdotal functions or conduct worship or teach or hold administrative positions in the religious organization, the minister's employer should not declare a housing allowance for the minister. If it does, it may incur tax penalties or other liabilities.

# 1.200: Employee or Self-Employed

### 1.205: Introduction

The Internal Revenue Code is clear that regardless of whether a minister is an employee or an independent contractor, a minister is treated as self-employed for income tax withholding, social security and Medicare tax. The Internal Revenue Code does not state the employment status of ministers but contemplates that ministers may fall into either category for income tax purposes. The IRS bases the determination of whether an individual is an employee or self-employed (independent contractor) on common-law rules. IRS Publication 517, "Social security and Other Information for Members of the Clergy and Religious Workers," discusses the distinction between an employed and a self-employed minister and provides an example of how an employed minister should report his/ her earnings and deductions on Form 1040. IRS Publication 517 mentions a Form W-2, "Wage and Tax Statement," as the method for reporting compensation by the organization to a minister who is an employee.

### 1.210: The Common-Law Rule

The common-law rule defining a person's employment status can be stated as follows:

> The relationship of an employer and employee exists when the person for whom services are performed has the right to control and direct the individual who performs the services, not only as to the result to be accomplished by the work but also as to the details and means by which that result is accomplished. That is, an employee is subject to the will and control of the employer not only as to what shall be done but how it shall be done. In this connection, it is not necessary that the employer actually direct or control the manner in which the services are performed, it is sufficient that he/she has the right to do so.

### 1.215: Ministers as Employees

**The ministers of The Lutheran Church—Missouri Synod should be regarded as employees for tax purposes and be given Form W-2 based on their working relationship with their churches or other employers and their use of tax-sheltered annuities and cafeteria plans.**

In Revenue Ruling 87-41, the IRS has issued guidelines to determine whether a worker is an employee or self-employed. Based on those guidelines, synodical parish pastors and all administrative and teaching personnel within the Synod and its colleges, seminaries, congregations and schools are regarded as common-law employees of their payers of salaries, not as engaged in an independent trade or business (see 7.105).

# 1.300: Income, Social Security and Medicare Taxes

### 1.305: Reporting Wages

The minister's salary must be reported on Form W-2, "Wage and Tax Statement," in Box 1 titled, "Wages, tips, other compensation." Form W-2 should be provided to the minister no later than January 31 following the calendar year in which the compensation was paid. Housing allowance should not be reported as wages here. The housing allowance and/ or fair rental value of a parsonage and church-paid utilities should be reported on Form W-2 in Box 14 or on a separate statement. (For greater detail, see 2.800.) All other allowances — auto or social security — paid to the minister may be reportable as compensation in Box 1 on Form W-2.

Taxable cost of group term life insurance coverage in excess of $50,000 must also be included on Form W-2 in Box 1 and reported in Box 12, coded C. (For greater detail, see 4.515.)

The employer's payments to a 403(b) tax-sheltered annuity (TSA) are not to be included in the box for wages, tips and other compensation. "Employer's payments" include amounts represented by salary reduction (Rev. Ruling 68-395). For clarification, the employer should provide the minister with a detail of the items reported on Form W-2.

See Chapter 5 for more information, in general, related to TSAs, and Chapter 4 for details related to the Concordia Retirement Savings Plan (CRSP), a specific 403(b) plan available to employees of participating employers.

| Items to Include/Exclude on Form W-2 in the Box "Wages, tips, other compensation." See Exhibit 7–K(2) | |
|---|---|
| **Include** | **Exclude** |
| • Salary<br>• Auto allowance (no accounting)<br>• Social security allowance<br>• Other cash expense allowance (nonaccountable)<br>• Taxable cost of group term life insurance coverage in excess of $50,000<br>• Moving expense payments<br>• Tangible and intangible gifts | • Housing allowance<br>• Tax-sheltered annuity payments<br>• Accountable expense reimbursements<br>• Cafeteria Plan deductions |

## 1.310: Forgiveness of Debt

Sometimes a congregation, as part of a minister's compensation package, provides him/her a loan (typically for a down payment on a home) and forgives a portion of the loan annually. The portion forgiven should be treated as compensation and reported on his/her Form W-2. If this "income" is used to provide housing debt retirement, the minister may include it as expenses to provide a home when determining how much of his/ her housing allowance was used.

If the evidence to secure repayment of such a loan is not made with meticulous care, the IRS could claim that it was not a loan at all, but compensation, and tax the entire amount in the year the money was "loaned." Compensating loans may also trigger the complicated rules that apply to nonqualified deferred compensation under section 409A of the tax code. Competent advice should be sought in connection with making loans that are planned to be forgiven later.

An arrangement by which no interest is charged or the rate is below market can result in taxable income on the difference between the applicable market rate and the rate actually charged except when special conditions are met regarding employee relocation loans. Competent advice should be obtained in connection with any loan for no interest or for low interest.

## 1.315: Gift Versus Compensation

At Christmas, retirement and anniversary of ordination, congregations often give their ministers gifts of money, trips (such as to the Holy Land) or other tangible gifts. All tangible and intangible gifts to an employee, including the minister, which have been either purchased or paid directly from the congregational treasury or solicited from individual members in an organized manner (e.g., door collection), is taxable compensation and should be included on Form W-2 unless given for length-of-service (described below). Intangible gifts include cash, gift cards, gift coupons, gift certificates (other than arrangements conferring only the right to select and receive tangible personal property from a limited array of such items selected or pre-approved by the employer), vacations, meals, lodging, tickets to theater or sporting events, stocks, bonds, and other similar items.

**Tangible gifts** given to employees **for length-of-service** (including retirement) are nontaxable only if the following conditions are met: the award is presented ceremoniously; the employee has completed at least five years of service and was awarded no more frequently than once every five years; and the gift's fair market value (as opposed to the employer's actual cost) falls within certain IRS-prescribed limits. The dollar limitations vary depending on whether or not a qualified awards plan has been adopted by the congregation. To be "qualified," it must be an established written plan that does not disproportionately favor highly compensated employees.

A qualified plan award is tax-free up to $1,600 per person providing the average cost of all noncash awards given to all employees does not exceed $400 per employee. **Example:** Hope Lutheran Church provided three length-of-service/retirement awards for the year.

Pastor Shepherd received a retirement watch worth $900, Secretary Ms. Smiley received a crystal vase worth $150, and teacher Mr. Brainerd received a clock worth $150. The total awards for the year totaled $1,200. $1,200 ÷ 3 *(employees)* = $400 average per employee. Since the average value of these awards did not exceed the $400 average limitation, none of them are reported as taxable compensation on IRS Forms W-2 (IRC Sect. 274 [j]).

All nonqualified plan awards may be tax-free up to $400 per employee per year. If Pastor Shepherd's watch was worth $1,500 in the above example, the limitation of "$400 average per employee" would have been exceded, thereby making all the awards nonqualified. Accordingly, Hope Lutheran Church had to report $1,100 of Pastor Shepherd's gift as taxable compensation on his IRS Form W-2.

Some congregations "gift" their **volunteers** with cash or gift cards. If an aggregate amount of $600 or more is gifted to a volunteer in a single year, this amount must be reported as taxable nonemployee compensation to IRS on Form 1099-MISC (Follow the same process described at 7.465).

Gifts made privately to any church employee from individual congregation members are not deductible as charitable contributions; neither are they taxable income to the employee.

## 1.320: Reporting Other Compensation

How a minister reports other income on his/her tax return depends on the nature of the income. Salary received in service as a minister and reported to him/her on Form W-2 should be reported on Form 1040. "US Individual Income Tax Return"; as "Wages, salaries, tips, etc." Any housing allowance received in excess of the minister's actual excludible amount should be included with wages reported on Schedule 1, "Additional Income and Adjustments to Income," line 8z and listed as "Excess Allowance." (See IRS Publication 517 for an example of how this should appear.) Honoraria received as income for officiating at services, fees for weddings, providing music, writing articles, giving lectures/speeches or for radio or television appearances are taxable income and should be reported on Schedule C, "Profit or Loss from Business."

## 1.325: Social Security and Medicare Taxes

The minister of the Gospel is subject to self-employment tax (SECA), and the minister is responsible for these taxes. (See 1.340.)

**Items the Minister Should Consider in Determining His/Her Self-Employment Income for Schedule SE (Rev Rul 80-110)**

| Included in Income | Deductions from Income |
|---|---|
| • Gross salary<br>• Housing allowance or fair rental value of parsonage<br>• Taxable cost of group term life insurance premium for coverage in excess of $50,000<br>• Schedule C income (e.g. honoraria for weddings, etc.)<br>• Auto & expense allowances (if no accounting is made to the employer)<br>• Social security allowance | • TSA payments<br>• Schedule C expenses<br>• Cafeteria Plan deductions<br>• Professional expenses |

IRS Revenue Ruling 80-110 clarifies there is no requirement in the tax code that stipulates only expenses qualifying for an income tax deduction reduce self-employment earnings.

## 1.330: Self-Employment Tax

Self-employment tax is paid quarterly (April 15–June 15–Sept. 15–Jan. 15) by the minister as an estimated tax deposit or through a voluntary withholding arrangement. It is generally included and paid along with the minister's estimated income tax (see 1.340). The final reporting of the self-employment tax is made on Schedule SE, "Self- Employment Tax," filed with the taxpayer's income tax return. Schedule SE does not compute the income and deductions to arrive at the net earnings subject to the tax, so that computation must be prepared separately by the minister and attached to Schedule SE.

The fair rental value of living quarters provided to a minister as a parsonage or teacherage, or the cash rental or housing allowance paid to the minister, **must be included in figuring net earnings for purposes of paying self-employment tax,** even though they are exempt from income tax. **Amounts paid into tax- sheltered annuities are not included for purposes of self-employment tax. Allowable business expenses (for an explanation refer to Chapter 6), whether or not deducted for federal income tax purposes, are subtracted for self-employment tax. This would include unreimbursed qualified moving expenses.** All honoraria for performing weddings, guest preaching or officiating at funerals or other services, less expenses, also are included in calculating the self-employment tax.

Voluntary payroll withholding arrangements should include the liability for self-employment tax. (See 1.915 4[a].)

## 1.335: Self-Employment Tax Rate

In determining self-employment tax liability, earnings from self-employment include those items identified in section 1.325. Self-employment earnings are reduced by 7.65 percent (or in other words, 92.35 percent of total self-employment earnings) before calculating the 15.3 percent tax liability.

In addition, a portion (approximately one-half) of the self-employment tax liability is deducted as an adjustment to gross income on the individual's tax Form 1040. Further information is in **IRS Publication 505, "Tax Withholding and Estimated Tax."**

**Taxable Self-Employed**

| Year | Rate | Wage Base |
|---|---|---|
| 2022 (S.S.) | 12.4% | wages up to $147,000 |
| 2023 (S.S.) | 12.4% | not available (contact local SSA office) |
| 2022/2023 (Medicare) | 2.9% | wages up to $200,000 for single filers and $250,000 for joint filers |
| | 3.8% | wages above $200,000 for singles filers and $250,000 for joint filers |

*(Continued on page 1-8.)*

# Estimated Taxes
# Worksheet 20__

Note: This worksheet is designed merely to estimate your tax liability for withholding purposes, not to calculate your actual tax.

**Self-employment tax computation:**

Salary (Including Housing Allowance, excluding TSA contributions) $__________ (1)

Other earned net income (guest preaching, etc.) $__________ (2)

Total Income $__________ (3)

Multiplier x 0.9235

Net self-employment income $__________ (4)

Self-employment tax rate x 0.153

**Self-employment tax** $__________ (5)

**Federal income tax computation:**

Income

Salary (exclude Housing Allowance and TSA contributions) $__________ (6)

Other earned net income $__________ (7)

Taxable interest, dividends and capital gains $__________ (8)

Other taxable income $__________ (9)

Total income (add lines 8 thru 11) $__________ (10)

Subtract:

1/2 Self-employment tax (line 7) $__________ (11)

Deductible IRA contributions $__________ (12)

Other adjustments (e.g., teacher's classroom expenses, student loan interest) $__________ (13)

Total subtractions (add lines 11 thru 13) $__________ (14)

Adjusted gross income (line 10 minus line 14) $__________ (15)

CHOOSE ONE {
Standard deduction (use applicable table) $__________ (16)
-or-
Estimated Schedule A deductions $__________ (17)

(enter the greater of lines 16 and 17 on line 18) $__________ (18)

Taxable income (line 15 minus line 18) $__________ (19)

Tax before nonrefundable credits (calculate using applicable table) $__________ (20)

Nonrefundable credits (child tax credit, credits for child care, education and low-income taxpayers' TSA and IRA contributions) $__________ (21)

Tax after nonrefundable credits (line 20 minus line 21; if result is negative, enter "-0-") $__________ (22)

Refundable credits (earned income credit, additional child tax credit) $__________ (23)

**Federal Income Tax** (line 22 minus line 23) $__________ (24)

**Combined estimated tax liability** (line 5 plus line 24) $__________ (25)

*You can estimate your tax using IRS tax tables; those for 2022 are provided. Since IRS adjusts these tables annually, use caution obtaining current data for your future calculations.*

# Tables for Estimated Taxes Worksheet

## 2022 Standard Deduction (line 18)

| Filing Status: | Amount: |
|---|---|
| Single or married filing separately | $12,950 |
| Married filing jointly or qualifying widow or widower | $25,900 |
| Head of Household | $19,400 |

## 2022 Personal Exemption (suspended until 2026)

| | |
|---|---|
| Per Person | $Null |

## 2022 Federal Tax Table (line 22)

| If 2021 taxable income (line 21) is: | The tax is: |
|---|---|
| **Single Individuals:** | |
| Not over $10,275 | 10% of taxable income |
| Over $10,276 but not over $41,775 | $1,027.50 plus 12% of the excess over $10,275 |
| Over $41,776 but not over $84,075 | $4,807.50 plus 22% of the excess over $41,775 |
| **Married filing joint returns:** | |
| Not over $20,550 | 10% of taxable income |
| Over $20,551 but not over $83,550 | $2,055 plus 12% of the excess over $20,550 |
| Over $83,551 but not over $178,150 | $9,615 plus 22% of the excess over $83,550 |
| **Married filing separate returns:** | |
| Not over $10,275 | 10% of taxable income |
| Over $10,276 but not over $41,775 | $1,027.50 plus 12% of the excess over $10,275 |
| Over $41,776 but not over $89,075 | $4,807.50 plus 22% of the excess over $41,775 |
| **Head of Household:** | |
| Not over $14,650 | 10% of taxable income |
| Over $14,651 but not over $55,900 | $1,465 plus 12% of the excess over $14,650 |
| Over $55,901 but not over $89,050 | $6,415 plus 22% of the excess over $55,900 |

## 2022 Quarterly Payment

(line 27 divided by remaining quarters)

| Period | Due | Amount (fill-in) |
|---|---|---|
| Jan. 1 – March 31 | 4/18/2022 | _______________ |
| April 1 – May 31 | 6/15/2022 | _______________ |
| June 1 – Aug 31 | 9/15/2022 | _______________ |
| Sept. 1 – Dec. 31 | 1/17/2023 | _______________ |

*The information contained in these tables changes annually and is published in IRS Form 1040-ES (www.irs.gov).*

### 1.340:
### Declaration of Estimated Taxes

Since the compensation of a minister earned in the exercise of the ministry is specifically excluded in the Internal Revenue Code from mandatory federal income tax withholding, ministers should either pay quarterly installments of estimated tax or mutually agree on voluntary withholding with the employer.

The minister must determine whether he or she has an obligation to pay quarterly installments. To help them estimate these payments, offer them a copy of the Estimated Taxes Worksheet (see 1.345). The minister should obtain from the IRS a current Form 1040-ES, “Estimated Tax for Individuals,” (containing payment vouchers) to remit the payments. Alternatively, the minister can pay his or her taxes online at *eftps.gov*, “Electronic Federal Tax Payment System.” The IRS does not send out notices of taxes due.

Quarterly payments are due as follows:

| For the period | Due date* |
|---|---|
| Jan. 1–March 31 | April 15 |
| April 1–June 30 | June 15 |
| July 1–Sept. 30 | Sept. 15 |
| Oct. 1–Dec. 31 | Jan. 15 |

*(*Due dates falling on a Saturday, Sunday or legal holiday may be extended to the next business day.)*

If changes in income or deductions revise the original estimate, the estimate may be adjusted on the next installment of estimated tax or may be paid more immediately with an extra installment between quarters.

A “substantial” understatement of estimated tax could result in a penalty for underpayment.

### 1.350:
### Voluntary Withholding for Ministers

If both the congregation and the minister agree, the congregation may withhold and remit taxes on behalf of the minister. A copy of a letter from the IRS dealing with the procedure to be followed to effect “voluntary withholding” is found in 1.915. An example of voluntary withholding and reporting on Form W-2 is found in Exhibit 7-K(3).

### 1.360:
### Exemption from Self-Employment Tax

**The Lutheran Church—Missouri Synod does not oppose participation by its ministers in social security on the basis of religious principles.** Conventions of the Synod have enacted resolutions encouraging participation in social security, implying that, as a church body that ordains and commissions ministers, it does not recognize a theological basis for opposing participation in social security. For more information, see Treas. Reg. 1.1402(e)-2A.

The minister’s filing of an exemption from the social security tax (IRS FORM 4361) does not affect the congregation’s requirement to participate in social security for its lay employees.

### 1.370:
### Taxes and Ministers/2021 Edition

A brochure designed for ordained or commissioned ministers of The Lutheran Church—Missouri Synod can be obtained from your district office. It can also be viewed or downloaded from *lcms.org/resources/church-and-school-administration*.

# 1.400:
# Employment of Retired Ministers of the Gospel

### 1.405:
### Introduction

From time to time, congregations have the opportunity to employ retired ordained or commissioned ministers. Wage and tax matters relating to such workers are dependent on a number of factors including age and social security status.

### 1.410:
### Allowable Earnings Under Social Security

Retired workers under full retirement age who are receiving social security may earn up to $19,560 (in 2022) without realizing any reduction in their social security benefits. A $1 reduction is made for every $2 of income in excess of this limit. In the year a retiree reaches full retirement age, a $51,960/yr limit (in 2022) applies, however, only to the income earned in the months prior to the individual’s birth month. One dollar in benefits will be withheld for every $3 in earnings above this limit. Starting with the month that a working retiree reaches full retirement age, he or she can receive full benefits with no limit on earnings.

For more information about how earnings in retirement may affect social security benefits, call 800-772-1213 and order SSN Publication No. 05-10069 “How Work Affects Your Benefits” or visit *ssa.gov/pubs/*.

### 1.415:
### Other Income

Funds received by the worker such as honoraria are accounted for by the worker in his or her income tax filing.

### 1.420:
### Taxes

Earnings by retired ministers, including those receiving social security benefits, are subject to income and self-employment tax. Treasurers are required to provide a Form W-2 to these workers and report these payments on Form 941, “Employer’s Quarterly Federal Tax Return”.

## 1.425:
## Housing Allowance

Retired ordained or commissioned ministers who were eligible for housing allowance before retirement continue to be eligible to designate a portion of their salary as housing allowance if working in the exercise of ministry. Since these retired workers noted above generally have 100 percent of their retirement benefits under Concordia Retirement Plan designated as housing allowance, confer with the worker regarding any additional housing allowance needed (see 4.545 for details). Housing allowance designations must meet the criteria explained in Chapter 2 of this manual.

The portion of a retiree's earnings received for conducting activities in the exercise of his or her ministry (for example, part-time ministry) that is designated as housing allowance is subject to self-employment tax. It must also be counted in terms of allowable earnings under social security. (See 1.410.) However, self-employment tax does not apply to the rental value of any parsonage or pension payments designated as housing allowance received by the minister from a church plan (Concordia Retirement Plan and Concordia Retirement Savings Plan) after the minister retires.

# 1.900: IRS Rulings

Provided for your reference and use when necessary are copies of three very important IRS rulings (Sec. 1.905, 1.910, 1.920), each of which in common have determined that LCMS commissioned ministers who teach in an LCMS school are eligible for the housing allowance exclusion under IRC Sec. 107 because they are authorized to perform substantially all ministerial duties within the scope of the tenets and practices of the LCMS.

In Sec. 1.915, the IRS provides guidelines concerning how to report a minister's wages when a voluntary tax withholding agreement is entered between the minister and his or her employer.

## 1.905: Male Teachers Entitled to Tax-Free Housing

### RULING OF THE COMMISSIONER OF INTERNAL REVENUE IN THE ELDOR N. EGGEN CASE

Office of COMMISSIONER OF INTERNAL REVENUE
Refer to: IT:P:TR:SAH-l

(Stamped Date)
Sept. 26, 1950

Mr. Fred L. Kuhlmann
c/o Lowenhaupt, Waite, Chasnoff and Stolar
408 Olive Street
St. Louis 2, Missouri

Dear Mr. Kuhlmann:

Reference is made to your letter and brief of May 15, 1950, submitted on behalf of Mr. Eldor N. Eggen and The Lutheran Church—Missouri Synod. The question under consideration relates to the taxability, for federal income tax purposes, of the value of living quarters furnished to Mr. Eggen, a teacher in a parochial school of The Lutheran Church—Missouri Synod. Since the question has as its basis the status of Mr. Eggen with respect to whether he is to be considered as a "minister of the Gospel" for federal income tax purposes, and since the question affects other persons occupying similar positions, The Lutheran Church—Missouri Synod, hereinafter referred to as the Lutheran Church, intervened in the case.

It is the position of Mr. Eggen and representatives of the Lutheran Church that the value of living quarters furnished to teachers of the parochial schools of the Lutheran Church does not constitute taxable income to the teachers because of the provisions of Section 22(b)(6) of the Internal Revenue Code which provides that the rental value of a dwelling house and appurtenances thereof furnished to a minister of the Gospel as a part of his compensation shall not be included in gross income and shall be exempt from taxation.

The Lutheran Church consists of local Lutheran congregations which are sovereign, self-governing bodies.

The Lutheran pastor and the Lutheran teacher only are charged with the public ministry within a particular congregation. Such congregations have united themselves in a voluntary Synodical organization. No layman as such may hold membership in the Synod. Membership in the Synod is held by congregations, pastors, and teachers. Therefore, by official regulation of the Church the teacher is classified with the pastor in the matter of membership in the Synod.

It is stated that the term "teacher" arises from the fact that these men are employed to teach in the elementary, secondary, and higher schools established, maintained, and conducted by the Lutheran Church, and that the term "teacher" is in a sense a misnomer as it implies that these men are in the same category as teachers of public or private schools. It is pointed out that according to the doctrine of the Lutheran Church, only those who have been specially "called" by the congregation may publicly exercise the rights of preaching, teaching, and performing other functions of the public ministry. Elders, deacons, Sunday school teachers, and others participate in church work, but the special "call" into the public ministry of the Lutheran Church is reserved for only two classes of men, the pastors and teachers.

The Lutheran Church maintains a system of ten preparatory schools, two seminaries for the training of its pastors and two teachers' colleges for the training of its teachers. The students who attend the preparatory schools may enter either the seminaries and become Lutheran pastors or the teachers' colleges and become Lutheran teachers. The curriculum of the teachers' colleges centers around courses in religion which is at the core of and permeates the entire course of study. There are thirteen courses on religious subjects, eight of which are required and five of which are elective. It is contended that the Lutheran teacher's training is such that it qualifies him as a minister of the Gospel. The Lutheran parish schools integrate religious education with the entire school life, curricular and extra-curricular, and the work of the teacher is regarded as part of the ministry of the church. Financial assistance is offered to students in the teachers' colleges.

At the time a young man is trying to determine whether or not to become a Lutheran teacher emphasis is placed on the service he is to render to God in the profession, and it is made clear that his chief compensation will not be the financial remuneration but the satisfaction of serving the Lord. It is pointed out to him that as a Lutheran teacher he has a heavy responsibility as a servant of the Church. The office of the Lutheran teacher is said to be a lifework and the average term of office about thirty-five years.

A “call” is issued by a particular congregation or other authorized body requiring the services of a pastor or teacher. The “call” is not merely an appointment to a secular position; it involves an election by the congregation.

A “call” is never issued to laymen or to women, and may be issued only to such servants of the church as have been specially trained and officially approved by the Synod as pastors or teachers. If the Lutheran teacher accepts the “call” he is then installed by the congregation which issued it. Both teachers and pastors are installed, the only difference being that the initial installation of a pastor is called an ordination. The teacher’s first installation is essentially the equivalent of an ordination in that it is a formal, solemn confirmation of the teacher’s “call” as a lifelong servant of the Church—a consecration or setting aside of such person for lifelong service. By reason of his “call” the teacher shares with the pastor the performance of the public ministry in the Lutheran Church. In the exercise of the functions of the public ministry, the Lutheran pastor and teacher are on an equality as ministers of the Gospel.

A very important and significant factor is that a Lutheran teacher may be authorized by the congregation to perform and often does perform any or all of the following ministerial duties: confirmation instruction, preaching and conducting church services, baptizing infants or adults, administration of Holy Communion, visiting the sick, spiritual guidance of Church organizations, spiritual counsel, mission work, funeral services, and Church discipline. It is a matter of custom and not of doctrinal prohibition that Lutheran teachers do not conduct marriage ceremonies.

Like that of a pastor, the “call” of the teacher is for life. If a teacher or a pastor deserts his vocation for invalid reasons or disqualifies himself in any manner, he is declared “ineligible for another call” and officially removed from the Synodical roster of ministers of the Church by the Synod.

Lutheran teachers along with the pastors participate in the pension plan operated by the Church.

As is pointed out in the brief filed by the taxpayer, neither Section 22(b)(6) of the Internal Revenue Code nor the regulations prescribed pursuant thereto provide a definition of the term “minister of the Gospel” or furnish any standards to be used in determining who is to be classified as a “minister of the Gospel.” Section 22(b)(6) of the Internal Revenue Code was first enacted into law by the Revenue Act of 1921. Nothing appears in the House or Senate Committee reports of that time to set forth more particularly who or what class of persons are to be included within the term “minister of the Gospel.”

In view of the foregoing, it appears that teaching in a Lutheran parochial school is a function of the public ministry in the Lutheran Church and that a Lutheran teacher has the status of a minister of the Gospel within the Lutheran Church. It further appears that a Lutheran teacher is subject to the same rules and regulations as a pastor with respect to call, installation, discipline, and retirement and performs the same functions as a pastor insofar as the congregation which he serves sees fit to authorize him, and enjoys, as does the pastor, membership in the Synod. It is held, therefore, that Mr. Eggen is a minister of the Gospel within the purview of Section 22(b)(6) of the Internal Revenue Code. Accordingly, the rental value of living quarters furnished Mr. Eggen is not includible in the gross income of Mr. Eggen for federal income tax purposes.

The conclusions reached herein are applicable only to the teachers of The Lutheran Church—Missouri Synod, the conclusions being based on the particular facts presented with respect to teachers of the organization.

Very truly yours,
(Signed)
C. W. Stowe
Acting Deputy Commissioner

## 1.910:
## Male Teachers as "Ministers of the Gospel"

May 1, 1964

District Director
Indianapolis, Indiana
National Office—Internal Revenue Service

A. R. Manske
Fort Wayne, Indiana

This is in reply to your request for technical advice with respect to the exclusion of a rental allowance, by the subject taxpayer, under Section 107 of the Internal Revenue Code of 1954.

Mr. Fred L. Kuhlmann, the taxpayer's representative, was granted a hearing in the National Office on March 4, 1964. Revenue Agent R. A. Englebright of your office was also present at the hearing.

The facts are understood to be as follows:

Mr. Manske is a principal at Bethlehem Lutheran School in Fort Wayne, Indiana.

He was educated at Concordia Teachers College at River Forest, where he received his B. S. degree in 1948.Upon his graduation, he was assigned by Synod's Board of Assignment to Bethlehem Lutheran Church which had issued a formal call to the board for a teacher. He has remained at Bethlehem Lutheran Church throughout his career as a teaching minister.

It is stated in the memorandum of law submitted by Mr. Kuhlmann that as a teacher of the congregation Mr. Manske is subject to the same requirements and provisions as is the pastor. Every male teacher who is trained in the Lutheran School System to be a parochial school teacher is solemnly installed by the congregation where he is first assigned to teach. Teaching in the Lutheran Church is considered a sacerdotal function and the male teachers are recognized by the Lutheran Church as ministers of the gospel. This recognition has evolved from an earlier practice where the teaching was performed by the pastor. Within the Lutheran Church, the male teacher and the pastor are given special recognition. No other members of the church occupy equal status with these two individuals.

Section 107 of the 1954 Internal Revenue Code provides for an exclusion of a rental allowance by a minister of the gospel to the extent used by him to rent or provide a home.

Section 1.107-1 of the regulations provides that the rental allowance must be paid as compensation for services which are ordinarily the duties of a minister of the gospel. In general, the rules of Section 1.1402(c)- 1(e) are applicable to such determination.

Rev. Rule. 57-107, C.B. 1957-1, 277, holds that male teachers in parochial schools inducted into the teaching ministry as ministers are "duly ordained, commissioned or licensed ministers of a church" within the contemplation of section 1402(c)(4) of the Self-Employment Contribution Act of 1954, and that they are performing services in the exercise of their ministry. Rev. Rule. 62-171, C.B. 1962-2, 39, concludes that this holding is also applicable under Section 107 of the Internal Revenue Code.

Accordingly, based on the foregoing, it is our conclusion that the taxpayer in the instant case qualifies as a minister of the gospel for purposes of Section 107 and his services as a principal in the Lutheran parochial school are services within the exercise of his ministry.

## 1.915:
## Voluntary Withholding

District Director
St. Louis, Mo.
Internal Revenue Service

Date: Feb. 9, 1973

In reply refer to: AU:F:3:31:WW

Mr. Philip E. Draheim
515 Olive St.
Suite 1700
St. Louis, MO 63101

Dear Sir:

This is in reply to your request for a determination as to the proper method to be employed to effect income tax withholding at source on wages paid to ministers and clergymen.

According to applicable law and regulations currently in effect, the following procedures are necessary to properly implement voluntary withholding of income tax which may be of an amount sufficient to satisfy the expected liability for self-employment taxes or other amounts:

1) An employer and an employee may enter into an agreement to provide for the withholding of income tax with respect to amounts which are includible in the gross income of the employee under Section 61 of the Internal Revenue Code and must be applicable to all such amounts paid by the employer to the employee.

2) The minister must furnish his employer with a properly executed Form W-4. The furnishing of the Form W-4 shall constitute a request for withholding. The acceptance of Form W-4, the beginning of withholding, and the signing of the Form W-4 by the employer shall constitute agreement on the part of the employer. Note: Form W-4 must be signed by both the employer and the employee.

3) Amounts to be withheld shall be based upon information on Form W-4 and determined under rules contained in Section 3402 and applicable regulations.

4) This agreement may be effective only for the withholding of income tax.

    a) Additional withholding may be requested for amounts over and above the regular withholding rates. This additional amount will be set forth in item 8, Form W-4 (Rev. Dec. 1971)[1], and, in the event of a clergyman, may be of an amount sufficient to cover the anticipated liability for self-employment tax.

5) The employer must report the above-noted withheld tax on Form 941 (quarterly) in accordance with applicable provisions of law and regulations. Currently, Form 941 (Rev. July, 1972)[2] provides that this withheld tax be reported on lines 10 through 13.

In reply to your other questions, we submit the following:

1) A minister or clergyman is required to file Schedule SE (Form 1040) with his annual federal income tax return if he has elected coverage by filing Form 2031 (Waiver Certificate to Elect Social Security Coverage for Use by Ministers, Certain Members of Religious Orders, and Christian Science Practitioners) with the I.R.S. within prescribed time limits. Also, automatic coverage was extended to all ministerial services for all taxable years after 1967 unless a clergyman had been granted an exemption from such coverage.

2) Amounts listed in item 10[3] of Form 941 shall not include that part of a clergymen's compensation designated as a "parsonage allowance" which is not includible in his gross income by reason of application of law and regulations under Section 107 of the Internal Revenue Code.

This is a determination letter as defined in Revenue Procedure 72-3, Internal Revenue Bulletin 1072-1.

Very truly yours,

A. W. McCanless
District Director

[1] Rev. Jan. 2020 - Line 4(c)
[2] Rev. April 2020 - Line 3
[3] Rev. April 2020 - Line 2

## 1.920:

### Female Teachers

The following is the IRS private letter ruling #PLR 92-21025 concerning Female Commissioned Ministers.

**Internal Revenue Service** | Department of the Treasury

P.O. Box 7604
Ben Franklin Station
Washington, DC 20044

Person to Contact:
Marie Cashman

Telephone Number:
(202) 566-4747

Refer Reply to:
CC:EE:2 - 31-2152-91

Date: FEB 20 1992

Index No.: 0107.00-00

The Lutheran Church-Missouri Synod
1333 S. Kirkwood Road
St. Louis, MO 63122

Key: Commissioned Minister = Female Commissioned Minister(s)
X = The Lutheran Church-Missouri Synod

Dear Sir or Madam:

This is in response to a request for a ruling submitted by your authorized representative that X's Commissioned Ministers are entitled to the exclusion from gross income provided by section 107 of the Internal Revenue Code (Code). Rulings are also requested that the services Commissioned Ministers perform are in the exercise of their ministry for purposes of section 1402, 3121, 3309 and 3401.

X is a well established religion of more than 5900 congregations located throughout the United States. Approximately 17,000 ministers perform services for X including the Commissioned Ministers, whom X regards as essential to its religious mission under its beliefs, traditions, and practices.

Generally, a candidate to be a Commissioned Minister completes four years of study at a college operated by X where the curriculum centers around courses in religion. Upon completion of the required education, the college faculty, on behalf of X, certifies that the candidate is fit for the position of Commissioned Minister. The certificate of fitness assures that the candidates are academically, theologically and morally fit to have the status and authority of Commissioned Minister. The certified candidate is then "called" by a congregation, and after accepting the call, the candidate is installed as a Commissioned Minister in a formal ceremony. Occasionally an individual may become a Commissioned Minister through a "colloquy", which requires the candidate to have achieved equivalent academic, religious, educational, and personal life qualifications. In addition, a colloquy candidate must pass oral and written examinations.

Commissioned Ministers serve God and X by performing full-time public ministry functions including: classroom teaching; evangelizing; counseling individuals; leading Bible study groups, devotions, worship services for youth and a congregations's music

The Lutheran Church-Missouri Synod

ministry; giving the children's sermon at the regular Sunday worship service; addressing the congregation in a worship service on a subject in which the Commissioned Minister has expertise; coordinating lay church workers; administering or guiding a congregations's youth ministry; coordinating family ministry events; participating in ministries to those with special needs; and caring spiritually for the sick and imprisoned and their families. X regards teaching of the faith to the children and youth of the flock as a major duty of the pastoral office. Upon acceptance of a call and installation into a ministry position, a Commissioned Minister becomes a "member" of X.

You have represented that the majority of Commissioned Ministers are called directly by an individual church to serve in the church's parochial school. The schools, for the most part are not separate organizations from the churches. However, some of the schools are incorporated separately from a member congregation, and you have represented that each such school is an integral agency of a member congregation. A Commissioned Minister also may be called by a congregation to be a deaconess or Director of Christian Education.

Generally, an ordained minister of X officiates in the public administration of the sacraments and leads the public worship. In certain situations, a Commissioned Minister may lead the liturgy in prayer, read the Scriptures in a church service or perform a baptism. Under the doctrine of X, baptism is a sacrament.

Section 107 of the Code provides that in the case of a minister of the gospel, gross income does not include the rental value of a home furnished to the minister as a part of the minister's compensation or the rental allowance paid to the minister as part of the minister's compensation, to the extent used by the minister to rent or provide a home.

Sections 1402, 3121, and 3401 of the Code, which provide definitions for purposes of the Self-Employment Contributions Act, Federal Insurance Contributions Act and income tax withholding respectively, refer to services performed by a "duly ordained, commissioned, or licensed minister" of a church in the exercise of his ministry. Section 3309, relating to the Federal Unemployment Tax Act, contains similar language.

Section 1.107-1(a) of the Income Tax Regulations provides that in order to qualify for the exclusion provided by section 107, the home or rental allowance must be provided as remuneration for services which are ordinarily the duties of a minister of the gospel. In general, the rules provided in regulation section 1.1402(c)-5 apply to such determination.

Section 1.107-1(a) also provides that examples of specific services which will be considered duties of a minister for purposes of section 107 include the performance of sacerdotal functions, the conduct of religious worship, the administration and maintenance of religious organizations and their integral agencies, and the performance of teaching and administrative functions at theological seminaries.

Section 1.1402(c)-5(a)(2) of the regulations provides that a "duly ordained, commissioned, or licensed minister" of a church is engaged in carrying on a trade or business with respect to service performed by him in the exercise of his ministry or in the exercise of duties required by a religious order unless an exemption under section 1402(e) is effective.

Section 1.1402(c)-5(b)(2) of the regulations provides that service performed by a minister in the exercise of his ministry includes the ministration of sacerdotal functions; the conduct of religious worship; and the control, conduct and maintenance of religious organizations (including the religious boards, societies, and other integral agencies of such organizations) under the authority of a religious body constituting a church or church denomination. Section 1.1402(c)-5(b)(2)(i) provides that whether service performed by a minister constitutes the conduct of religious worship or the ministration of sacerdotal functions depends on the tenets and practices of the particular religious body constituting the minster's church or church denomination. Sections 31.3121(b)(8)-1 and 31.3401(a)(9)-1 of the Employment Tax Regulations contain similar provisions.

If a church or church denomination ordains some ministers of the gospel and licenses or commissions other ministers, the licensed or commissioned minister must perform substantially all the religious functions within the scope of the tenets and practices of his religious denomination to be treated as a "minister of the gospel" under section 107 of the Code. Rev.Rul. 78-301, 1978-2 C.B. 103.

In Wingo v. Commissioner, 89 TC 922 (1989), the issue was whether the taxpayer was performing services as a "duly ordained, commissioned or licensed minister" for purposes of the self-employment tax exemption under sections 1402(c) and 1402(e) of the Code. In 1980, the taxpayer became a probationary member of the North Arkansas Annual Conference of the United Methodist Church (the Conference), an ordained deacon of that denomination and a licensed local pastor of a church of that denomination. As such, he administered the Sacraments of Baptism and the Lord's Supper to members of his congregation, conducted worship and other religious services for his local church, and performed services in the control, conduct and maintenance of his local church and the Conference. The court held that the taxpayer was a "duly ordained, commissioned, or licensed minister" within the meaning of section 1402 when he assumed the duties and functions a minister in 1980.

In determining whether the taxpayer was a "duly ordained, commissioned, or licensed minister" the court examined whether taxpayer performed the duties and functions of a minister within the three types of ministerial services under section 1.1402(c)-5(b)(2) of the regulations and also considered whether the taxpayer actually was ordained, commissioned, or licensed, and whether his church considered him to be a religious leader.

The court held that the taxpayer was a minister for purposes of section 1402(c) of the Code because he satisfied all the elements of section 1.1402(c)-5(b)(2) of the regulations. First, as a local pastor and an ordained deacon he administered the sacraments. He satisfied the second prong, conducting religious worship, when he served as the local pastor of church. The court also held that he satisfied the third prong (control, conduct, and maintenance of the church or religious organizations within the church) because he was in charge of all the organizational concerns of his own congregation, including administering the provisions of the church discipline, supervising the working program of the local church, maintaining church records and meeting local financial obligations. The court noted that a church's designation of a person as a minister standing alone, is insufficient to determine whether he is a minister for self-employment tax purposes; however, it is an additional factor to consider. The court concluded that when a person performs all the three types of services set forth in the regulations and is recognized as a minister or religious leader by his denomination, as here, that person is a minister for purposes of section 1402(c). Thus, taxpayer's status as a probationary member of the Conference did not prevent him from being a minister for purposes of section 1402(c).

Under the test applied in Wingo and the test set forth in Rev. Rul. 78-301, we conclude in the present case that the services Commissioned Ministers perform are in the exercise of their ministries within the meaning of section 1.1402(c)-5(b)(2) of the regulations. Accordingly, the Commissioned Ministers are performing services as "ministers of the gospel" within the meaning of section 107 of the Code and are eligible to exclude any amounts designated as a housing allowance from their gross income under section 107.

We further conclude that the services Commissioned Ministers perform are in the exercise of their ministry within the meaning of sections 3121, 3401, and 3309 of the Code.

The Lutheran Church-Missouri Synod

No opinion is expressed as to the federal tax consequences of the transaction described above under any other provision of the Code.

This ruling is directed only to the taxpayer who requested it. Section 6110(j)(3) of the Cod provides that it may not be used or cited as precedent.

Sincerely,

Jerry E. Holmes

JERRY E. HOLMES
Chief, Branch 2
Office of the Associate
Chief Counsel
(Employee Benefits and
Exempt Organizations)

Enclosure:

Copy for 6110 purposes.

cc: F. Vilbig

# Chapter 2: Housing Allowance and Parsonage

# 2.100: Introduction

The compensation package of an LCMS minister of religion — ordained or commissioned may include a parsonage (that is, the use of church-owned housing), or a housing allowance, or both.

Concerning their treatment for federal income tax purposes, the Internal Revenue Code Section 107 states the following:

In the case of a minister of the Gospel, gross income does not include:

1. The rental value of a home furnished to him/her as part of his/her compensation; or
2. The rental allowance paid to him/her to rent or provide a home (within certain limits).

Granted only to ministers (i.e., licensed, ordained or commissioned in the exercise of their ministry), this favorable income tax relief dates back to the earliest days of the United States and was a consideration given by Congress in exchange for the expectation that the clergy would provide sanctuary for the "deserving poor" — widows and orphans.

For this publication, references to "housing allowance" will include all allowances paid to a worker for providing a home. This includes housing allowance, utilities allowance and furnishings allowance. The two terms, "housing allowance" and "parsonage," are different and distinctive. They may be provided separately or in combination. Although neither is subject to income tax, they are both subject to self-employment tax.

# 2.200: Eligibility

Pastors, certified teachers, DCEs, DCOs, deaconesses, parish assistants, directors of church ministires, directors of parish music and directors of family life ministry who are listed on the Synod's roster and are in ministry as described in paragraph 1.140 are eligible to be compensated with a housing allowance. Some or all of the housing allowance may be income tax free. These same workers are also eligible to be compensated with a parsonage and utilities paid for by the congregation. The fair rental value of the parsonage and paid-for utilities are entirely income tax-free as provided under Internal Revenue Code Sec. 107. A minister's widowed spouse is not eligible for this tax-free benefit. For retired ministers, see 1.425. As stated previously, either form of housing provided by the congregation is subject to self-employment tax.

# 2.300: Housing Allowance

A housing allowance neither increases nor decreases the cost of the worker to the congregation. It is a part of the worker's compensation that has been designated as housing allowance.

A housing allowance may be designated whether the minister lives in a home owned by the congregation, a rental dwelling or owns his own home. The amount of allowance may vary with these circumstances.

If the furnished dwelling is owned by the congregation, but the minister pays the cost of the utilities or other expenses connected with the home, the employer may designate part of the minister's compensation as "parsonage allowance" to cover the cost of the utilities and other dwelling expenses.

Where an employer does not furnish a parsonage and the minister rents or provides his or her own home, the employer may designate an even greater part of his or her compensation as "housing allowance" which will be used for expenses related to home ownership (See 2.322 for includible expense).

## 2.310: Housing Allowance Income Tax Aspects

To the extent that a designated housing allowance is used to rent or provide a home and does not exceed the furnished home's fair rental value plus utilities, it is not subject to federal income tax. Read 2.320 for a clearer understanding of this statement.

## 2.320: Tax-free Limits

The housing allowance income tax exclusion is limited to the **least of** the three following amounts:

1. **Amount of the minister's compensation designated as housing allowance,** approved by official action taken in advance of payment by the governing body of the employer, and evidenced in the official minutes of the governing body.
2. **Amount expended or used** by the minister to provide a home during the year and properly substantiated.
3. **The fair rental value of the home (including garage, etc.), furnished, plus utilities.**

A minister cannot exclude from taxable income any amount of the designated allowance that exceeds the conditions in those "least of" rules outlined here. The excess taxable housing allowance must be reported by the minister on his or her IRS Schedule 1 Line 8z.

The sections that follow provide further details concerning how each of these conditions may be separately calculated.

## 2.321: The Designated Amount

IRS assigns the minister's employer with the task of designating how much of his or her salary is believed will be used in providing a home. It must be "reasonable" in amount. In other words, the amount cannot be more than reasonable pay for a minister's services. Nor can any portion of the minister's salary being contributed to a

403(b) TSA also (concurrently) be designated as housing allowance.

The designation of the housing allowance must be pursuant to official action taken in advance of payment of the allowance. The designation should be in writing to avoid any confusion about its proof, preferably evidenced in the minutes of the appropriate governing body of the employer (e.g., board of directors, church council, voters' assembly, etc.). If not done by adoption of a formal resolution, designating the amount as a budget line item may be sufficiently "official."

The designation cannot be made retroactively. This is extremely important, as ministers have been required to pay taxes and penalties on housing allowances if they could not show proper pre-authorization.

The designation may take the form of a specific dollar amount (generally based upon the minister's estimate of the amount he or she believes will reasonably be excludible) or a percent of total compensation. There is no suggested percentage by the Synod or a limitation based on a percentage of compensation by the IRS.

It may be amended from time to time as necessary, but each amendment must be formally adopted by the employer and can only be effective for payments made after adoption by the appropriate body or voters' assembly.

## 2.322: Use of Housing Allowance

To the extent that the designated housing allowance amount is used to rent or provide a home and *does not exceed the furnished home's fair rental value plus utilities,* it may be excluded by the minister of religion — ordained or commissioned from income tax. In determining the amount used to rent or provide a home, a minister may take into account all of his or her payments for repairs, real estate taxes, mortgage payments (both principal and interest), insurance, lawn care, utilities, furniture, remodeling and other home improvements.

The following worksheet has been designed to assist a minister in estimating his or her total amount of housing expenses. Its inclusion in this publication does not imply that the minister must disclose details of this kind to the governing board that makes the housing allowance designation. The amount a minister of religion requests of his or her congregation to pre-designate as housing allowance should consider all the housing allowance limitations (see 2.320).

### MINISTER'S ESTIMATE OF EXPENSE

| ITEM | AMOUNT |
|---|---|
| 1. Rent on home | $__________ |
| 2. Garage rental | __________ |
| 3. Down payment; legal, loan and title fees; and real estate commission on purchase of home | __________ |
| 4. Mortgage payments (principal and interest) | __________ |
| 5. Real estate taxes and assessments on home | __________ |
| 6. Property insurance (homeowner's or renter's) | __________ |
| 7. Utilities: | |
| Gas | __________ |
| Electricity | __________ |
| Water and sewer | __________ |
| Heat | __________ |
| Telephone (basic service) | __________ |
| Trash pick-up, environmental fees | __________ |
| Storm drainage | __________ |
| Cable/satellite TV, internet | __________ |
| 8. Furnishing and appliances (purchase and repair) | __________ |
| 9. Structural repairs and remodeling | __________ |
| 10. Lawn care and landscaping | |
| 11. Maintenance items (household cleansers, light bulbs, pest control) | __________ |
| 12. Other allowable expenses (specify) | __________ |
| 13. Homeowners' Association dues | __________ |
| TOTAL | $__________ |

## 2.323: Fair Rental Value

Currently, IRS has no written procedures concerning the method or frequency for determining this value. In its *Audit Technique Guide for Ministers*, the IRS tells its agents that determining the fair rental value of a parsonage "is a question of all facts and circumstances based on the local market …" It also suggests the importance of "documentary evidence."

Some appraisal experts suggest approximating the annual rental value of a home by taking 1 percent of the home's fair market value and multiplying the product by 12. But this calculation doesn't always yield accurate results — and it doesn't consider the rental value of a *furnished* home.

The fair rental value of a home is generally the amount that houses of comparable size and quality in the same vicinity would rent for in an arm's-length transaction. It's probably a good idea to contact a local real-estate agent for help. Real estate agents often manage rental properties and know their local markets. As an alternative, look for relevant classified ads in the newspaper.

And, don't forget the home's furnishings. IRS hasn't provided guidance for determining these rental values, either. However, it may be reasonable to contact furniture rental agencies for them. Such companies can usually quote rates by-the-room.

Finally, document how, when and with whose help you arrived at a fair rental value-and keep that information for future reference. This amount should be reviewed regularly and reasonably adjusted for changes. In complicated situations, seek the advice of a qualified tax professional.

### 2.330:
### One Home

There is another long-standing restriction IRS has imposed on the excludible portion of a minister's compensation received for housing, confirmed by the court. A minister of religion — ordained or commissioned can only exclude from gross income his or her housing allowance used in providing only "one" home. Generally, that home was the primary residence.

### 2.340:
### Debt-Free Home

As a matter of interest to ministers of religion — ordained or commissioned who own their home debt-free, they are usually not able to exclude as much of a housing allowance as those who own their homes subject to a debt. The reason, of course, is that they are not making principal and interest mortgage payments. Even though the fair rental value of the home may have appreciated, the "least of" rule limiting the tax-free portion of housing allowance (see 2.320) still applies. So when expenses on a debt-free home drop below the amount designated for housing allowance and the home's fair rental value, then the exclusion is strictly limited to the homeowner's fewer expenses.

### 2.350:
### Home Equity or Second Mortgage Loans

As a homeowner, a minister of religion — ordained or commissioned may at some time take a second mortgage or home equity loan on his or her property. The purpose and use of this borrowed money will determine whether or not the payments can be considered "uses" of his or her housing allowance. If the borrowed funds were used to pay for home repairs, maintenance or furnishings, payments (including principal and interest) will be considered a use of housing allowance. If they were partially used for another purpose (i.e., credit card debt, personal loans, education, etc.) you must prorate payments between housing and personal expenses.

### 2.360:
### Home Loan Between Church and Minister

Congregations may elect to assist a minister with the purchase of a home by means of a direct loan. Forgiveness of debt or interest free loans could result in additional income for the worker (see 1.310).

The congregation is required to report the interest payments made by the minister on Form 1098, "Mortgage Interest Statement" (Exhibit 2). The Form 1098 must also be submitted to the IRS with a Form 1096, "Annual Summary and Transmittal of U.S. Information Returns," (see Exhibit 7-R). The box for Form 1098 must be checked on the Form 1096.

Principal and interest payments made by the minister may be a qualified use of housing allowance as provided in this chapter.

**A home or former parsonage being purchased by a minister is usually not exempt from property tax. Check the applicable laws in your state.**

### 2.370:
### Itemized Deductions

Although mortgage interest and real estate taxes are generally a housing allowance use that is excluded from the minister's gross income for income tax purposes, he or she may also claim deductions for the same if itemizing them on his or her tax return. This example of "double dipping" is a matter of law and another special tax benefit to ministers of religion — ordained or commissioned.

## 2.500:
## Parsonage

Where an employer furnishes a minister of religion — ordained or commissioned with a dwelling, a parsonage, the fair rental value of the housing, including any employer-paid utilities, is not part of the taxable compensation for income tax purposes. The same applies to the furniture, garage, repairs and maintenance, if furnished by the employer. *(Note: The home's fair rental value and utility expenses paid for by the employer are included in income for self-employment tax computation.)*

### 2.510:
### Parsonage Income Tax Aspects

Unlike with housing allowance, there are no limitations with respect to the employer-provided housing that is excludible from the minister's gross income for income tax purposes. Plainly speaking, 100 percent of a parsonage's value is income tax-free. However, IRS could assess the congregation's officers and the minister both with severe monetary penalties (intermediate sanctions) if the value of the housing in combination with his or her salary is highly unreasonable compensation for his or her services.

## 2.600: Substantiation and Disclosure

Whether a minister of religion — ordained or commissioned is provided with a parsonage or receives a housing allowance as part of his or her earnings, he or she must understand there are certain substantiation and disclosure requirements that must be followed to ensure their income tax benefit.

In order to exclude any amount of the housing allowance, proof of housing-related expenditures in the form of receipts or cancelled checks should be retained by the minister. IRS does not require this information to be shared with the employer.

In addition to substantiating how the housing allowance was used, it is also recommended that the minister document when and how he/she determined his or her home's annual fair rental value, furnished. If the congregation owns the dwelling, the employer and minister should openly discuss and agree on determining that amount. See how the amount might be determined in 2.323.

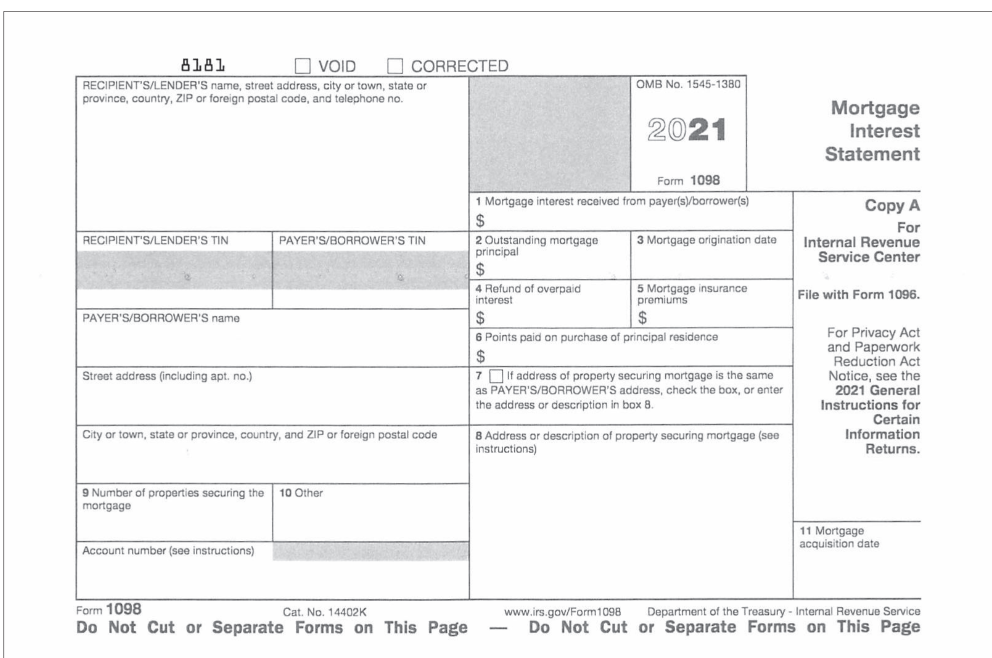
The minister should also ask for and keep a copy of his or her housing allowance designation. The designation may appear in the minister's call documents, employment contract, the church minutes, the church budget, or any other document indicating official action. Having a copy in-hand helps to reassure the minister that this action was actually taken by his or her employer.

If the IRS suspects that a taxpayer has omitted a substantial (25 percent or more) amount of income on his or her tax return, the Service has up to six years to audit and assess an additional tax. However, an item is not considered omitted if its existence has been disclosed in the return, or in a statement attached to the return, in a manner that apprises the IRS of the nature and amount of the item.

Since a minister's housing allowance (or annual fair rental value of a parsonage) is likely to be a substantial portion of a minister's income, it is recommended that he or she disclose having received the earnings and explain its excludible nature. A Form W-2 showing the nature of the income and excludible amount in Box 14 will probably be sufficient in meeting this disclosure requirement and thus avoid the six-year statute of limitations. However, some employers may not show that information in this manner. In that case, the minister should consider preparing a statement with this information himself and attach it to the return. Otherwise, he or she should keep all housing allowance and/or parsonage information related to a tax return for six years after the return's due date.

## 2.700: Self-Employment Tax

Although neither the minister's excludible housing allowance nor employer-provided housing is subject to income tax, they are subject to self-employment tax. For this reason, it's important to communicate these amounts to the minister. The section that follows describes how this information should be reported. The reported value has no relationship to the 25 percent allocation for a person living in church-supplied housing used by Concordia Plan Services for benefit computation. In order to report an accurate amount of employer-furnished housing, it is important to have the home's fair rental value determined (see 2.323). Also, keep a record of any utility payments made with respect to the property. IRS expects that the amount reported is a figure "agreed on" by the church and minister and that documentary evidence in this regard exists.



8181 ☐ VOID ☐ CORRECTED

RECIPIENT'S/LENDER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

OMB No. 1545-1380

2021

Form 1098

Mortgage Interest Statement

1 Mortgage interest received from payer(s)/borrower(s) $

Copy A For Internal Revenue Service Center

RECIPIENT'S/LENDER'S TIN

PAYER'S/BORROWER'S TIN

2 Outstanding mortgage principal $

3 Mortgage origination date

4 Refund of overpaid interest $

5 Mortgage insurance premiums $

File with Form 1096.

PAYER'S/BORROWER'S name

6 Points paid on purchase of principal residence $

For Privacy Act and Paperwork Reduction Act Notice, see the **2021 General Instructions for Certain Information Returns.**

Street address (including apt. no.)

7 ☐ If address of property securing mortgage is the same as PAYER'S/BORROWER'S address, check the box, or enter the address or description in box 8.

City or town, state or province, country, and ZIP or foreign postal code

8 Address or description of property securing mortgage (see instructions)

9 Number of properties securing the mortgage

10 Other

11 Mortgage acquisition date

Account number (see instructions)

Form 1098 Cat. No. 14402K www.irs.gov/Form1098 Department of the Treasury - Internal Revenue Service

Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page

**Exhibit 2**

# 2.800: Reporting Requirements

There are various ways the housing allowance of the minister of religion — ordained or commissioned may be reported for tax purposes. Two common ways are listed as follows:

1. **Estimated Exclusion Method**
   Generally the most commonly used method by congregations of The Lutheran Church—Missouri Synod, it requires the least amount of congregational involvement in determining what portion of the minister's designated housing allowance is actually excludible from federal income tax. Before the beginning of the year, the minister presents the governing body with an estimated amount of his or her housing allowance needs (refer to 2.322 for an understanding of how a minister might estimate this amount).

   The church board adopts a resolution designating the housing allowance for the following calendar year based on that estimate. At the following calendar year-end, the treasurer prepares the W-2 by reporting the net salary (gross salary less housing allowance) in Box 1 and the housing allowance in Box 14 or on a separate statement. The minister then considers the "least of" rule shown in 2.320 and reports any unused housing allowance on his or her Form 1040, line 1.

2. **Actual Exclusion Method**
   Before the beginning of the year, the governing body may designate the housing allowance as a reasonable stated percentage of compensation in lieu of the minister's estimation. At the following calendar year-end, the treasurer tests to ensure the amount of gross salary being excluded as housing allowance on the minister's wage statement is consistent with the congregation's designation (gross salary multiplied by the stated percent). The treasurer and minister then follow the same IRS-reporting procedures as described under method 1.

According to IRS Publication 15-A, the rental value of housing provided to a minister may be reported to him or her on a separate statement or in Box 14 on Form W-2. In this regard, do not mistakenly label this amount as a "housing allowance" as that may cause the minister to improperly calculate his or her income tax liability. Report only the amount agreed upon between you and the minister. See 2.323 for guidance concerning how that amount might be determined. The reported value has no relationship to the 25 percent allocation for a person living in church-supplied housing used by Concordia Plan Services for benefit computation.

# 2.900: Sample Housing Allowance Resolutions

This section contains sample resolutions that may be used by a congregation in setting the housing allowance for minister employees. However, make sure the congregation thoroughly understands the rules applicable to designating one before its adoption (refer to 2.321, The Designated Amount). Samples 2, 3 and 4 are written in "standing" form; however, the congregation could adopt one annually to reflect revised requests for housing allowance amounts by the minister as shown in sample 1. Congregations should recognize the needed amounts for housing allowance will vary greatly among their eligible workers. Therefore, sample resolutions 1, 3 and 4 will assure the most favorable tax treatment for their workers.

**SAMPLE 1**
**All Employed Ministers—Stated Dollar Amount**
**RESOLUTION**

RESOLVED, that ***(name of congregation)***, authorizes and establishes the following individual(s) housing allowance for the year 20xx:
Name__________________________ Amount___________
Name__________________________ Amount___________
The housing allowance will be paid from ______________, 20xx, to December 31, 20xx.

**SAMPLE 2**
**All Employed Ministers—Stated Percentage**
**RESOLUTION**

RESOLVED, that ***(name of congregation)***, as a standing resolution to remain in force and effect until such time as amended or revoked, hereby authorizes and establishes a housing allowance for each ordained or commissioned minister of religion at any time serving it in an amount each year equal to _______ percent of that person's gross annual compensation. Annual gross compensation comprised of ***(Congregation should designate what is included in gross annual compensation.)***

**SAMPLE 3**
**Individual Minister—Stated Dollar Amount**
**RESOLUTION**

RESOLVED, that ***(name of congregation)***, as a standing resolution to remain in force and effect until such time as amended or revoked, hereby authorizes and establishes a housing allowance for ***(individual's name)*** at any time serving it in the amount of $__________ per year.

**SAMPLE 4**
**Individual Minister—Stated Percentage**
**RESOLUTION**

RESOLVED, that ***(name of congregation)***, as a standing resolution to remain in force and effect until such time as amended or revoked, hereby authorizes and establishes a housing allowance for ***(individual's name)*** for the duration of service in an amount each year equal to _________ percent of that person's annual compensation. Annual gross compensation comprised of ***(Congregation should designate what is included in gross annual compensation.)***

# Chapter 3: Lay Employees

# 3.100: Classification

There are three classes of workers in the LCMS system: 1) Ministers of Religion– Ordained, 2) Ministers of Religion – Commissioned, 3) Lay Employees. For the details of Class 1 and 2, please see chapter 1. Any employees who belong to class 1 or 2, but without a divine call, or do not belong to class 1 or 2, are classified as lay employees. This classification is very essential in terms of tax withholding purposes. Below are categories commonly classified as lay employee's positions:

### 3.105: Organists, Choir Directors, Nurses, Secretaries, Administrative Professionals and Custodians

Organists, choir directors, nurses, office support persons and custodians, whether full-time or part-time, are classified as lay employees for tax purposes.

### 3.110: Teachers, Parish Workers and Assistants

Teachers, parish workers and assistants not identified on Synod's roster as "commissioned ministers" are to be treated as lay employees for tax purposes.

### 3.115: Vicars, Interns and Other Students

Teaching interns, DCE interns, deaconess interns and vicars (including delayed vicars and students in the Specific Ministry Pastor program assigned as vicars) are to be classified as lay employees.

Exception: Commissioned ministers (teachers, DCEs, DCOs, etc.) who are serving as vicars in anticipation of ordination retain their status as ministers of the Gospel for tax purposes.

# 3.200: Employee or Self-Employed

The individuals referenced in 3.105 – 3.115 are treated as employees rather than self-employed. They are subject to income, social security and Medicare tax withholding. (For limited exceptions, contact your tax advisor.) Generally, when the means and methods by which one does one's work are determined by the employer, the recipient of the pay is an employee (see paragraphs 7.105, 7.110).

# 3.300: Income, Social Security and Medicare Taxes

### 3.305: Withholding Taxes

Compensation paid to lay employees is subject to income, social security and Medicare tax withholding. The amount of wages subject to taxes may change annually. The employer can determine how much to withhold from the lay employee's compensation from the Form W-4 "Employee's Withholding Allowance Certificate" completed by the employee. The amount to be withheld is determined from the tax rate and tables included in IRS Publication 15-T, "Federal Income Tax Withholding Methods."

Church organizations are required to withhold the employee's portion of social security and Medicare tax from their compensation and pay a matching amount, which is the employer's share for all lay employees. An exception applies if the individual's annual wages do not exceed $100. (For rates, see 7.343)

### 3.310: Reporting Wages

The individual's wages should be reported on Form W-2 "Wage and Tax Statement" and provided to the employee no later than January 31, following the calendar year in which the compensation was paid. Salary should be included in Box 1 titled "Wages, tips, and other compensation" and in Box 3 and 5 for social security wages and Medicare wages.

Taxable cost of group term life insurance coverage in excess of $50,000 must also be included in Box 1, and in the boxes for social security wages and Medicare wages. The amount and Code C should be included in Box 12.

Moving expenses should be reported and treated as salary. This applies whether the payment for the moving expenses is made to the employee or directly to the moving company.

The payroll deduction from the employee's wages should not be included in the box for wages, tips and other compensation. However, the employee's elective contributions should be included in the boxes for social security and Medicare wages and in Box 12 with the appropriate code letter. The employer's matching and non-elictive contributions to a TSA are reported nowhere on Form W-2.

Items to include/exclude on Form W-2 in the box, "Wages, tips, other compensation"

**INCLUDE**

- Salary
- Auto allowance (no accounting)
- Group term life insurance premium for coverage in excess of $50,000
- Moving expense payments
- Fair market value of housing provided (see 3.405)

- Tangible and intangible gifts (see 1.315)
- Personal use of employer provided auto (see 7.600)

**EXCLUDE**

- 403(b) tax-sheltered annuity payments
- Accountable expense reimbursements
- Cafeteria plan deductions

### 3.320:
### Reporting Compensation

Lay Employees should use the Form W-2 “Wage and Tax Statement” to report their compensation on Form 1040 “US Individual Tax Return.” If the lay employee receives honoraria, it should be reported as income on Schedule C or Schedule C-EZ “Profit or Loss from Business.”

## 3.400:
## Allowances and Other Compensation

Congregations sometimes provide lay employees with allowances, like an auto allowance, or provide other forms of “compensation,” such as interest-free loans, debt forgiveness or rent-free housing. For the lay employee, these forms of compensation are taxable income.

Another option for the congregation is to have an Accountable Plan Reimbursement Policy which is described in Section 6.110.

### 3.405:
### Housing and Housing Allowances

The lay worker enjoys no special income tax treatment or special status regarding housing or a housing allowance furnished as an employee of a church. A house or apartment provided to a lay worker is a taxable fringe benefit. Its fair market value constitutes wages; likewise, any utility payments made by the congregation directly to the utility company. These are treated as paid on any basis the congregation chooses but at least as often as once a year. The only circumstances under which the employer-provided housing may be excluded from taxable wage income is if the home is on church premises and it is provided solely for the convenience of the congregation and occupancy of such housing is a condition of the employee’s service to the congregation.

### 3.410:
### Educational Assistance Program

If a congregation desires to pay for its employees’ educational expenses, it should consider adopting an educational assistance program. This program is a separate written plan that provides educational assistance only to employees under rules set up by the employer that do not favor highly compensated employees. Up to $5,250 of educational assistance paid to an employee under an educational assistance program may be excluded from the employees’ taxable wages each year. A reasonable notification of the availability and terms of the program must be provided to all eligible employees.

Qualified educational expenses under an educational assistance program include cost of books, equipment, fees, supplies and post-secondary tuition, including graduate-level courses (masters and doctorate degrees). The program must not allow employees a choice to receive cash instead of educational benefits. Educational reimbursements that exceed the $5,250 limit or otherwise do not qualify for income exclusion must be added to the employee’s wages and are subject to income, social security and Medicare tax withholding. IRS has indefinitely suspended the requirement to file Schedule F (Form 5500) previously imposed on employers maintaining an educational assistance program.

If the congregation doesn’t adopt an educational assistance program, reimbursement of educational expenses that directly relate to the job in which the employee was hired to do may also be excluded from the worker’s taxable wages. However, such reimbursements are restricted to those more “plain vanilla” types of educational courses and training that either maintain or improve the skills of an employee in his or her employment or are required by his or her employer.

### 3.415:
### Gifts

All tangible and intangible gifts to employees, including lay employee and minister, which have been either purchased or paid directly from the congregational treasury or solicited from individual members in an organized manner (e.g. door collection), are taxable compensation and should be included on Form W-2. (See 1.315)

# Chapter 4: Concordia Plans

# 4.100: Introduction to Benefit Programs Administered by Concordia Plan Services

All over the world, workers of The Lutheran Church—Missouri Synod share the gospel. For more than 50 years, Concordia Plans has offered plans to protect those workers by providing them and their families with excellent comprehensive benefits including health, retirement, disability and survivor. We stand as an ally for LCMS organizations and church workers — we listen to your needs, and we strive to care for the total wellness of your ministry so that you can focus on your mission. As your LCMS workforce solutions partner, we take our responsibility to serve you to heart — with heart.

We exist because the LCMS wants to provide ministries and workers — like yours — with health, retirement and disability benefits that align with our Christian faith and values. As a non-profit agency of the LCMS that brings together thousands of ministries of all sizes, Concordia Plans is able to offer affordable, quality benefits, as well as business solutions that free up ministries to focus on spreading the Word of God.

What makes Concordia Plans different?

- Community. Ministries want to be aligned in faith with others who have a passion to serve. Concordia Plans walks alongside LCMS ministries.
- Transparency. Concordia Plans believes in open communication with ministries and workers about what we do, as well as why and how we do it.
- Customer focus. Concordia Plans asks, listens and responds to customer needs because we understand that not all ministries are the same. The solutions we offer are flexible — for you.
- Targeted outcomes. Concordia Plans are focused on improving physical, emotional and financial wellness for all members.

Ministries like yours rely on and trust Concordia Plans to provide physical, emotional and financial wellness solutions for your workers — as well as business solutions for your ministry, including HR services and payroll. Aligned in faith and passion to serve, we're here to support you.

# 4.200: Benefit Plans

- **CONCORDIA RETIREMENT PLAN PENSION (CRP)**
  - Retirement Income
    - Traditional Option
    - Account Option
- **CONCORDIA RETIREMENT SAVINGS PLAN (CRSP)**
  - 403(b) Tax-Advantaged savings plan
  - Pre-tax contributions
  - After-tax Roth contributions
- **CONCORDIA DISABILITY AND SURVIVOR PLAN (CDSP)**
  - Income replacement
  - Pre-retirement lump-sum death benefits (worker and dependents)
- **CONCORDIA HEALTH PLAN (CHP)**
  - Health and wellness programs
  - Dental
  - Medical/Mental Health and Substance Abuse Benefits
  - Prescription Drug Benefits
  - Employee Assistance Program
  - Vision Care Benefits
  - Hearing Care Discount Program
  - Personal Spending Accounts (PSAs)
- **OPTIONAL VOLUNTARY INSURANCE PROTECTION**
  - Supplemental Life Insurance
  - Accidental Death and Dismemberment (AD&D)
  - Accidental Injury Insurance
  - Critical Illness Insurance

## 4.205: Employee Assistance Program (EAP)

Concordia Plans provides LCMS workers access to a nationwide employee assistance program through Cigna that provides a broad range of confidential resources to help workers and their families. Confidential support is available for work/life issues such as marital and family relationship difficulties, parenting challenges, alcohol and substance abuse, stress, anxiety, child and eldercare issues, identity theft, legal and financial issues, as well as referrals to professional resources. Legal and financial services are provided through attorneys or financial planners. All services are confidential. Estate planning and legal document templates are also available. The EAP also includes the Pastoral Support Network, which is a program specifically designed for pastors and those who live in a pastor's home.

# 4:300: Administration

## 4.305: Employer Eligibility

The Concordia Plans (CRP, CRSP, CDSP and CHP) are employer-sponsored benefit programs established by the Synod and administered by Concordia Plan Services (CPS). Participation is available to the Synod, each of its controlled organizations, member congregations and affiliated agencies.

CPS also offers Accident Death and Dismemberment (AD&D) Insurance and other optional programs an employer may make available through payroll deduction.

Before offering any of the Concordia Plans, contact Concordia Plan Services to learn more about the plan adoption process.

### 4.306:
### Health Plan Options
Each year employers are provided the opportunity to choose a plan design that best meets the needs of its eligible employees from a variety of health plan options. The options have varying deductibles, copays, coinsurance amounts and contribution rates. The option selected will apply to that employer's enrolled workers for the coming year. The following year, employers may continue with that option or change to another option. Qualifying employers can select up to two CHP options to offer workers for the coming year. Each worker will then be able to elect the option that he/she prefers. For details, access the CPS employer portal at ***ConcordiaPlans.org***.

### 4.310:
### Worker Eligibility
An eligible worker cannot be denied enrollment because of age, occupation, gender or religion. This includes eligible workers in day care centers, pre-schools and lunch programs that are under the control of a participating LCMS organization.

If an employer has a probationary period policy on file with CPS for newly hired employees, enrollment of such employees in the Concordia Plans can be delayed until the completion of the probationary period. (Note: Probationary periods cannot exceed 60 days and may not apply to ordained or commissioned ministers of the Synod. A copy of the Probationary Period Certification can be found at ***ConcordiaPlans.org***.)

- **Concordia Retirement Plan (CRP) and Concordia Disability and Survivor Plan (CDSP)**
  If an employer is participating in the CRP and CDSP, all full-time* workers must be enrolled effective the first day of the month coinciding with or next following such employment. Enrollment of full-time workers is mandatory; the worker cannot opt out.
  *A "full-time worker" is any worker whose customary employment is more than 20 hours per week and more than five consecutive months.
- **Concordia Retirement Savings Plan (CRSP)**
  If an employer is participating in the CRSP, all full-time workers eligible for the CRP are eligible to participate in CRSP. An employer may also elect to allow part-time workers to participate in the CRSP. The worker, if eligible, then decides whether to make CRSP contributions.
- **Concordia Health Plan (CHP)**
  If an employer is participating in the CHP, all full-time workers must be given the opportunity to enroll effective the first day of the month coinciding with or next following employment. Enrollment is optional; the worker makes the decision whether or not to join. A "full-time worker" is any worker hired to work on average
  • more than 20 hours per week,
  • more than 25 hours per week,
  • more than 30 hours per week, or
  • 30 or more hours per week
  and more than five consecutive months. The employer designates which of the four minimum hours options listed above will be applicable to its workers, and can change this designation annually, if desired. Please note that Applicable Large Employers (as defined in the Affordable Care Act) are also subject to the employer mandates of the Act.

### 4.311:
### Hiring of Retired LCMS Workers
Effective January 1, 2019, if retiree over age 62 who is receiving early retirement benefit payments from the Concordia Retirement Plan is rehired on a part-time (20 hours or less per week) or on a temporary basis (expected to work for five months or less) by an LCMS organization participating in the CRP, he or she may continue to receive retirement benefit payments. If employment exceeds these limits, the ongoing payment of such retiree's primary retirement benefit annuity, if any, will cease and the retiree is considered an "active" worker and eligible to participate in the Plans as any other active worker does (i.e., the employer pays the contributions for that worker's participation). However, the ongoing payment of any supplemental retirement account, retiree medical supplement, retirement cash account or CRSP rollover annuities will continue during the time of such retiree's full-time work. The rehired retiree is eligible for CRSP participation in accordance with the eligibility rules applicable to that employer, which may allow participation while employed part-time.

Retirees age 65 or older rehired on a full-time basis may elect to receive an in-service benefit annuity from the Concordia Retirement Plan. This is available to members who had a least five years of service as of June 30, 2014. The rehired retiree will again be considered an "active" worker, and the employer must pay contributions to the Plans on their behalf. The in-service benefit is ineligible for housing allowance exclusion referred to in 4.545.

Employers may also pay the cost of a Retired Member's, Terminated Worker's or Medicare Member's individual extension of applicable Concordia Health Plan coverage by requesting that the CHP billing for that individual appear on their monthly invoice. Employer-paid medical insurance is not taxable income for a retiree, whether actively employed or not. However, if this otherwise tax-free benefit is found to be provided in lieu of paying a reasonable compensation for the worker's services, it could become taxable. For example, if you would typically pay another similarly qualified worker the reasonable compensation of $15,000, you could not negotiate with and pay another one $10,000 plus his/her cost of health care coverage without the reduction amount being considered taxable income. Outside of a cafeteria plan, an employee's right to receive cash instead of a qualified non-taxable fringe benefit causes the value of the fringe benefit to be taxable.

Employers should keep in mind the social security earnings limit for retirees under normal retirement age who are drawing social security benefits.

## 4.315:
## Cost

The employer is responsible for the full cost of the Concordia Retirement Plan and Concordia Disability and Survivor Plan. The employer is also required to pay at least fifty percent (50%) of the cost for worker-only coverage in the Concordia Health Plan. The employer may pay for more than fifty percent (50%) of the cost of the worker-only coverage or pay for all or a portion of the cost for dependent coverage, but the employer must make such payments on a uniform and nondiscriminatory basis for all eligible workers.

## 4.320:
## Contributions/Billing

Contributions are billed monthly in advance and are due by the first day of the following month. Prompt payment is required to confirm coverage to healthcare providers and pay benefits for enrolled workers. Unpaid billing invoices more than 30 days late are assessed a 1% finance charge, compounded monthly.

Monthly invoices may be paid online through the new personalized CPS employer portal, accessible through ***ConcordiaPlans.org***.

■ **Concordia Retirement Plan (CRP)**

The contribution rate for the CRP is a percentage of the worker's total annual compensation, as currently reported by the employer. The current rates are:

**Traditional Option:** 8.7% for the Regular Basis; 11.7% for the Full Basis.

**Account Option:** 0% during the Eligibility Waiting Period; 3% for workers with less than 5 years of credited service; 6% for workers with 5 or more years of credited service.

■ **Concordia Retirement Savings Plan (CRSP)**

The CRSP employer contribution is voluntary. CRSP contributions are remitted by employers to Fidelity, the CRSP recordkeeper.

■ **Concordia Disability and Survivor Plan (CDSP)**

The contribution rate for the CDSP is a percentage of the worker's total annual compensation, as in effect January 1 of that year. The current rates are:

Worker without dependents: 1.20% of compensation
Worker with dependents: 2.25% of compensation

**Total annual compensation includes:**

- Basic annual cash salary
- Cash housing and/or utility allowance paid to the worker
- If a primary residence is provided, 25% of the basic cash salary

Basic annual cash salary includes any amount the worker designates withheld for a tax-deferred savings plan as well as amounts withheld under a cafeteria plan (or Section 125 plan). Car allowances or bonuses are not considered part of total annual compensation. The maximum compensation for the CRP and CRSP is $290,000 for 2021, and this figure is adjusted annually.

Salary information is collected each year from employers through the completion of an Annual Compensation of Participating Workers Report (ACR) through the CPS Employer Portal. The report requests salary information to be effective January 1 of the coming year. Employers who do not adopt their annual budgets until late December or January can report the new salary information any time during the calendar year, and any necessary billing adjustments will be made retroactively. However, if the ACR is received after March 1, lost income fees of ½% may be charged on those adjustments.

■ **Concordia Health Plan (CHP)**

The required minimum contribution by an employee for active workers enrolled in the CHP are flat dollar amounts that vary based on the plan option selected.Employers can choose to cover a higher percentage of the self-only rate and the costs of other enrollment categories (e.g. self and spouse or family.)

To learn about the different CHP options or to request your applicable rate, log on to the CPS employer portal, accessible through ***ConcordiaPlans.org***.

## 4.325:
## Enrolling Workers

To enroll in any of the Concordia Plans, enrollment must be initiated by an official representative of the employer through the portal and completed by the worker. Employers can enroll workers on the CPS employer portal, accessible through ***ConcordiaPlans.org***. If the employer has elected to participate in the CHP, the applicable Summary of Benefits and Coverage must be distributed to the worker, along with enrollment materials. Also, if the employer has opted to participate in the CDSP or if the worker elects enrollment in the AD&D (see 4.415) or other optional programs, a beneficiary designation must be completed by the worker. Enrollment should be completed within 60 days of the date that the worker is eligible to be enrolled. *New workers are normally enrolled the first day of the month coinciding with or next following full-time employment, but there are exceptions for workers transferring to another LCMS employer, or workers that have been assigned to an employer by the LCMS Board of Assignments and Placements. An employer may also choose to enroll its employees on the first of the month in which employment commences if the commencement date is the first of the month. If the employer elects this, a worker who commences employment on the first day of the month, will have benefits commence on the first day of that same month. If the worker commences employment on any day other than the first of the month, the worker's benefits will commence on the first day of the following month.

If enrollment is completed **more than 60 days** after the worker's date of initial eligibility, enrollment must be completed on paper and the worker will be eligible to enroll in the:

- **Concordia Health Plan**, only during annual open enrollment effective the following January 1 unless the reason for the late application falls under special enrollment rules as defined by the Health Insurance Portability and Accountability Act (HIPAA).
- **Concordia Disability and Survivor Plan**, effective the first day of the month coinciding with or next following of enrollment.
- **Concordia Retirement Plan**, retroactive to the first day of the month coinciding with or next following the date of the worker's full-time employment. A lost-income adjustment fee will be assessed to cover lost investment earnings for each month enrollment is delayed.

## 4.326: Participation in Concordia Retirement Savings Plan (CRSP)

Eligibility in the CRSP typically starts on the first day of the calendar month coinciding with or next following (as determined by the employer) the date of employment. Participation begins for eligible workers once a deferral is made by the member and submitted to the employer. To begin contributing, a worker can either complete the easy online deferral process at ***ConcordiaPlans.org/Save*** or complete the Salary Deferral Agreement which can be found at ***concordiaplans.org*** under Resources. Employers can obtain more information by contacting Concordia Plan Services about how to remit CRSP contributions.

## 4.330: Reporting Terminations, Retirements, Transfers and Changes

Prompt reporting of employment changes is important to facilitate the timely handling of billing adjustments for the employer and communications to the worker as to the status of his/her coverage.

**Terminations:** In general, employer-paid contributions for all Concordia Plans stop at the end of the month in which employment with a participating LCMS employer terminates. Contributions are due from the employer through the date coverage terminates.

**Retirements:** When a worker is planning to retire, the worker or employer should contact Retirement Services at 888-927-7526 at least three months prior to retirement. Contributions for all the Plans are due from the employer through the date coverage terminates.

**Transfers:** When a worker transfers to another participating LCMS employer, the employer that worker has left is responsible for paying contributions through the end of the month in which employment ended.

The new employer begins paying contributions the first month coinciding with or next following the worker's employment date. If there is a gap period, the worker will be responsible for paying the contributions for the CHP in order to maintain continuous health coverage; however, either employer can pay the contribution for the gap period, if desired. Coverage under the CRP and CDSP for any period between payment of contributions by the employers is provided at no cost as long as the gap period is less than three calendar months.

**Status Changes:** Changes in a worker's status can be reported on the CPS member/employer portal, accessible through ***ConcordiaPlans.org***. Such changes include marriage, divorce, new baby, dependent ceasing to be a student, etc. It is important that changes to coverage be reported timely so that the necessary adjustments in coverage and contribution rates can be made.

**Late Reporting:** If notice of a termination, loss of eligibility or retirement is not reported timely, the employer will be required to pay CHP contributions through the end of the month in which notification is received by CPS. In the case of a transfer, late reporting will result in the employer being billed for CHP contributions for any interim period *(the employment gap between employers)* of three months or less. If the interim transfer period is more than three months, the employer will be billed through the end of the month in which the transfer was reported, or until the new participating LCMS employer is responsible for payment of CHP contributions.

In most cases, if notice of a new dependent is not received by CPS within 60 days of the event (i.e., birth, adoption, marriage, etc.), enrollment of that dependent will be subject to late enrollment restrictions, which may include having to wait for an open enrollment period or satisfying special enrollment requirements.

## 4.331: Employer Support in Crisis

Death or disability of a worker or dependent is a traumatic event for the family and impacts the employer as well. Often workers are separated from family by distance and do not have that source of comfort and support available. While reporting such events is a worker obligation, employers should plan to provide crisis support for the family.

Employer representatives are encouraged to provide support to the worker or family by assisting in filing disability or death claims or at least to assist in making telephone contacts. To initiate the claim the employer's representative may call Concordia Plan Services at 888-927-7526. It is suggested that in preparing for the call the representative have the following information available: name of worker, name of dependent (if applicable) and the social security number of the worker. As many other facts as possible pertaining to the death or disability should also be available.

### 4.335:
### Filing for Benefits

Claims for healthcare benefits must be made within one year after the date the charge was incurred. Disabilities must be reported within 90 days from the date the dis- ability commenced. Claim forms and detailed information on how to file a claim can be found at ***ConcordiaPlans.org,*** or you can contact CPS at 888-927-7526.

### 4.336:
### Appeals Process

If a member or employer disagrees with a decision received regarding the administration of the Plans' benefits, and the member or employer has exhausted all other levels of appeal with the appropriate benefit administrator or Concordia Plan Services staff, the member or employer can submit an appeal to the Concordia Plan Services Appeals Review Committee for further consideration (except for matters outlined below).

This appeal should include all information necessary to allow for a thorough review, including the reason for the dispute and any supporting documentation or relevant comments.

Appeals should be sent to:
Appeals Review Committee
Concordia Plan Services
P.O. Box 229007
St. Louis, MO 63122-9007

A dispute resolution procedure (i.e., JAMS or U.S. Arbitration and Mediation) beyond the Appeals Review Committee is offered to plan members and employers under the CDSP, CRP and CRSP for disputes falling outside of the Synodical Dispute Resolution section of the Handbook of the Synod.

For the CHP Grandfathered Plan Coverage Options, the determination by the Appeals Review Committee shall be final and conclusive subject to the Synodical Dispute Resolution section of the Handbook of the Synod.

For the CHP Non-Grandfathered Plan Coverage Options, if a member is dissatisfied with a determination of the appropriate benefits administrator, has exhausted the benefit administrator's internal appeals process, and the determination involves medical judgment or a rescission of coverage, the member may request an external independent review process. For reviews related to medical judgment or a rescission of coverage, the Appeals Review Committee is not available for CHP Non- Grandfathered Plan Coverage Options.

### 4.337:
### HIPAA Compliance

Concordia Plan Services is required to comply with a federal law known as the Health Insurance Portability and Accountability Act or HIPAA. HIPAA requires Concordia Plan Services to maintain the privacy and security of information we receive from your workers who are enrolled in the Concordia Health Plan. To be HIPAA compliant, specific health information or medical claim details cannot be released to employers unless authorized by the individual. Generally, authorization is not necessary to discuss enrollment information, changes in enrollment, or contribution/billing issues.

A HIPAA authorization form is available through the Resources section of the new personalized CPS member/employer portal, accessible through ***ConcordiaPlans.org***.

If you have any questions regarding HIPAA, please contact Privacy Officer Sandy Greenfield at 888-927-7526, Ext. 6739.

### 4.340:
### Materials Available

Benefit plan documents, reference materials and publications are available through ***ConcordiaPlans.org***.
Examples of such available materials are:

- Official Plan Documents
- Enrollment materials
- Beneficiary designation information
- Benefit claim forms
- Administrative guides
- Summaries of Benefits and Coverage
- Qualified Domestic Relations Order sample, forms, and instructions

### 4.345:
### Benefit Meetings

Representatives within the Ministry Engagement Team are available to conduct meetings in order to help members and employer representatives gain a better understanding of their benefits. To have someone speak at your meeting, please contact the Concordia Plan Services, Ministry Engagement Team, by calling toll-free 888-927-7526.

## 4.400:
## Other Programs

### 4.415:
### Accidental Death and Dismemberment Insurance

In the event of death, dismemberment, or paralysis as a result of an accident, this program provides a lump- sum benefit based on the member's selected insurance amount. This program is a voluntary program for employees and is available to members of the Concordia Plans.

The cost of the program is the worker's responsibility unless the employer decides to pay for it. Since the premiums will be included in the invoice to the employer, the worker's share should be collected by the employer through payroll deduction.

### Accidental Injury and Critical Illness Insurance

In the event of a critical illness or an injury resulting from an accident this insurance provides a benefit based upon the member's selected insurance amount. This insurance is a voluntary benefit for members, if you as the employer offer it, and the cost of the benefit is the worker's responsibility. Because the premiums will be included in the invoice to the employer, the member's share should be collected by the employer through payroll deduction.

### 4.420:
### Travel Accident Insurance Program

This program provides a lump-sum benefit in the event of death or dismemberment as a result of an accident while traveling. TAIP is an optional employer-paid coverage available to designated members of boards, commissions, committees and controlled organizations of the Synod; designated staff personnel; and missionaries. The premiums are paid by the appropriate employer, board, commission, or organization.

### 4.435:
### Supplemental Life Insurance

Workers enrolled in the Concordia Plans have the opportunity to purchase voluntary groupterm life insurance for themselves and their dependents through Minnesota Life, a Securian company. Varying levels of term insurance are available. Premiums for voluntary life insurance coverage will be paid through payroll deduction by the worker's employer.

### 4.440:
### Health and Wellness Programs

Workers and their dependents enrolled in the Concordia Health Plan have access to health and wellness resources offered to help workers Be Well so they can continue to Serve Well on God's mission. Some of the resources include:

- **Vitality** — a general health program, accessible through a web browser or the Vitality Today app, designed to support a healthy lifestyle. Vitality includes:
  - Health risk assessment
  - Earn points for healthy activities like exercise, education and prevention care
  - Points turn into Vitality Bucks that can be used to purchase rewards
  - Other perks include a fitness device subsidy, gym membership rebate and the Apple Watch program
- **Included Health** — Included Health is a member's personal healthcare assistant designed to extend a high level of care. Services include*:
  - Provider match - find high-quality, in-network providers and facilities
  - Provider name search - search for a provider by name to find their network status and compare their quality to other providers.
  - Treatment decision support - get support for medical questions from a clinician over the phone or via instant message (app texting).
  - Concierge referrals - have a Grand Rounds care coordinator find you a high-quality provider that matches your preferences, schedules your appointment and collects and transfers medical records for you.
  - Expert medical opinion - get an expert's second opinion on a recent diagnosis virtually.

  * Kaiser members only have access to the expert medical opinion service.
- **Diabetes Prevention and Management**
  - Wondr Health - a common-sense, skill-building approach to lasting weight loss/ weight management.
  - Omada - a diabetes and heart disease prevention program aimed to reduce risk for developing those conditions.
  - Livongo - diabetes management through a free digitally-connected blood sugar meter, and testing supplies along with health support from diabetes health professionals.
  - Virta - a medically-supervised treatment to reverse type 2 diabetes; reduce blood sugar and HgH1c without surgery, while potentially removing diabetes medications.
- **Sword, Physical Therapy Alternative** — Help for back, joint and muscle pain, for recovering after surgery and in preventing injury.
- **Mental Health**
  - Employee Assistance Program (EAP) - available through CIGNA to all LCMS church workers regardless of CHP enrollment. 24/7 counselor support via phone; six in person (or virtual) sessions with an EAP provider per issue, per calendar year
  - Pastoral Support Network - support for pastors and their family members available through CIGNA
  - LCMS Resources - Lean on your benefits and the church for mental health resources and *ConcordiaPlans.org/MentalHealth*
- **Maternity Wellness** — incentive programs provided by medical carriers to promote healthy pregnancies and ensure the health and safety of mom and baby.
  - BCBS Maternity (BCBS), Healthy Pregnancy, Healthy Babies (CIGNA), Maternity CARE (UMR), Maternity Wellness (Kaiser)*

  * No incentive available
- **Telehealth**
  - Doctor on Demand (BCBS), MDLive (CIGNA), Video Doc {Kaiser), Teladoc {UMR) - telehealth physical and behavioral health services available through medical carriers; may be subject to co-pays and deductibles for visits
  - 98point6 - 24/7 text-based quality, personalized care from board-certified physicians; may be suject to a $5 copay

All programs are available at no cost to members unless otherwise noted. For more details on any program, visit ***concordiaplans.orq/members/my-wellnessbenefits***.

# 4.500: Tax Aspects

## 4.505: Exemption

All Concordia Plans must be administered in accordance with IRS regulations in order to maintain their tax-exempt status.

## 4.510: Contributions to Plans

Contributions made by an employer to any of the Concordia Plans for the benefit of its employees are not considered taxable income to the employee at the time the contributions are made, except as noted in 4.515. Also, such contributions are not considered "wages" for purposes of social security.

If a worker shares in the cost of the Concordia Health Plan by paying all or part of the cost for CHP coverage, a "cafeteria plan" can be established to allow the worker to reduce his/her salary for tax purposes and have that reduction used for his/her share of the Concordia Health Plan cost. The result is that the worker pays less taxes. For further details, contact Concordia Plan Services.

Any employer that maintains a benefit plan other than one administered by Concordia Plan Services should consult its own advisors regarding the need to file an annual report (Form 5500) with the Internal Revenue Service with respect to such other plan.

## 4.515: Group Term Life Insurance Reports

The Concordia Disability and Survivor Plan (CDSP) pays cash benefits upon the death of an enrolled worker or enrolled dependent. Cash death benefits *potentially payable* have been ruled by the Internal Revenue Service (IRS) to be equivalent to group-term life insurance. As a result, under IRS Code Section 72(m) and Section 79, the COST ("Imputed Income") of these potential benefits, as outlined below, must be included by the employer as part of the gross income of the worker for the current taxable year. The cost is also subject to social security tax (FICA or SECA).

The COST or Imputed Income of the potential death benefits is calculated as follows:

- **Worker death benefit**
  Any amount of the worker death benefit that exceeds $50,000 is multiplied by the IRS Table I Rate applicable for that worker's age. *For example,* a worker is age 57 and his/her death benefit is $150,000. The amount over $50,000 (which in this example is $100,000) is multiplied by $0.43 per $1,000 of benefit. The resulting $43.00 is the monthly taxable income amount reportable for that worker.
- **Dependent death benefit(s)**
  The total amount of the potential dependent death benefit(s), if any, is multiplied by the IRS Table I rate applicable for the worker's age. *For example,* a worker age 57 has a spouse and two children enrolled as dependents. The total potential dependent death benefits are $30,000 ($10,000 for each dependent), and this amount is multiplied by $0.43 per $1,000 of benefit. The resulting $12.90 is the monthly taxable income amount reportable for that worker.

The taxable income amount applicable for the worker death benefit and the dependent death benefit(s), if any, are added together to come up with the amount reported on the Group-Term Life Report prepared for each employer. This amount must be added to the employer's Form 941 and worker's Form W-2. Also, the report describes the additional FICA or SECA taxes to be paid.

Detailed instructions are included with the report. It is very important that the employer keep this report on file until it is time to fill out Form W-2s for that taxable year. As indicated in the instructions, the treasurer should notify the affected workers of the payroll implications of the report.

Although all enrolled workers are included on the reports, *not all workers will have an amount to be reported* — in those cases, there will be zeroes in the appropriate columns.

If you have questions about the Group Term Life Report, contact Concordia Plan Services toll-free at 1-888-927-7526.

## 4.520: Health Claim Benefits

Benefits received from the Concordia Health Plan for medical or dental expenses are not reportable for federal income tax purposes or considered "wages" for social security purposes. However, if two group health plans (the Concordia Health Plan and another group plan) were to reimburse more than the actual amount of the medical or dental expense, the excess would be reportable as income by the employee and is taxable.

## 4.525: Disability Benefits

Federal tax laws pertaining to disability payments *(or "sick pay")* are complicated and quite different from those applicable to regular wage payments. Therefore, it's important that the employer spends extra time becoming familiar with these rules if it has an employee out on disability.

Sick pay is subject to federal income tax. However, Concordia Plan Services, as a third-party payer of such benefits, is neither required to nor does it withhold federal income tax from the worker's disability payments unless the worker has provided a Form W-4S, Request for Federal Income Tax Withholding from Sick Pay. IRS provides completion instructions with the form.

**Sick pay is only subject to social security and Medicare taxes during the first six months following the last month in which the employee worked.** Any sickness or disability payment to the employee beyond the expiration of this period is exempt from social security and Medicare taxes.

Example: A worker who becomes disabled in November is liable for social security and Medicare taxes on any disability benefit paid through May 30.

With respect to workers whose wages are subject to FICA withholding, the **Plans must withhold the employee's share of social security and Medicare taxes (FICA)** from each disability payment made during the six-month period described above. The Plans then deposit this tax with the IRS, sending what's left to the employee. This mandatory withholding rule imposed on the payer of these benefits prevents the Plans from accommodating any employer's request to handle the taxes themselves.

The disability benefit administrator appointed by Concordia Plan Services, Lincoln Financial, issues the benefit checks and handles the tax withholding/reporting for most disabled workers. On behalf of the Concordia Disability and Survivor Plan, Lincoln Financial pays the employer portion of social security and Medicare taxes for those workers not considered self-employed and who are receiving benefits from the Plan. Lincoln Financial also reports disability benefits to the IRS on its own Form 941 and applicable year-end Form W-2 with respect to all disabled workers. Disabled ministers of religion will receive a separate statement reporting the amount of gross disability benefits paid during the calendar year and designated as an eligible housing allowance.

## 4.530: Death Benefits

Recipients of death benefits will be advised of the tax treatment of amounts received.

## 4.535: Retirement Benefits—Concordia Retirement Plan and Concordia Retirement Savings Plan

Retirement benefits received from the Concordia Retirement Plan and Concordia Retirement Savings Plan (other than Roth amounts) are reportable as taxable income.

Each January, a Form 1099-R is mailed to all recipients of such benefits to inform them of the total amount distributed (and taxes withheld) during the prior year.

## 4.545: Retirement Benefits—Housing Allowance Designation

In accordance with the Internal Revenue Code and IRS rulings, one hundred percent (100%) of the retirement benefits received from the Concordia Retirement Plan and the Concordia Retirement Savings Plan by a retired minister of religion is designated as "housing allowance." (In-service benefit payments do not qualify for housing allowance treatment). This means that a minister can exclude from taxable income up to one hundred percent (100%) of retirement benefits received from the retirement plans, to the extent that it is used to rent or provide a home (and assuming the amount does not exceed the annual fair rental value of the home, furnished, plus utilities). Qualified expenses include rent (if housing is rented) or principal and interest payments and real estate taxes (if a home is owned), as well as expenses for utilities, routine repair and maintenance, capital improvements, furnishings and garage rent. (See 2.322 for details.) A copy of the IRS approval letter can be found in 4.800.

## 4.546: Disability Benefits—Housing Allowance Designation

In accordance with the Internal Revenue Code and IRS rulings, disability benefits paid by the Concordia Disability and Survivor Plan to a minister of religion are designated as "housing allowance." This means that a disabled minister of religion can exclude from taxable income up to one hundred percent (100%) of disability benefits received, to the extent that it is used to rent or provide a home (and assuming the amount does not exceed the annual fair rental value of the home, furnished, plus utilities). Qualified expenses are the same as those listed in 4.545 above.

## 4.555: Personal Spending Accounts

Employers that participate in the Concordia Health Plan may set up personal spending accounts that integrate with the health plan option they have selected for their employees.

"Personal spending accounts" include the following:

- **Flexible Spending Account (FSA)**
  A tax-advantaged account that can be set up through a cafeteria plan of an employer. Employees may contribute pre-tax dollars to fund the account and the funds can be used by the employee to pay for out- of- pocket healthcare expenses or qualified dependent care expenses. An employer may also contribute to the account. Money in an FSA is generally subject to the "use it or lose it" rule, with any funds left in an FSA at the end of the year forfeited to the employer. A medical FSA works with all options offered by the Concordia Health Plan; see Section 7.230 for more details.
- **Health Savings Account (HSA)**
  A tax-advantaged savings account that can be established and funded by either the employer or employee. The account is owned by the employee and is portable. An HSA must be paired with a high deductible health plan; see Section 5.700 for more details about HSAs.
- **Health Reimbursement Arrangement (HRA)**
  An account established by an employer to help cover employees' out-of-pocket healthcare expenses. It has a notional (unfunded) account balance. The account is funded/reimbursed by the employer as claims are incurred. An HRA works with all CHP options, except the HMO options.

Contact Concordia Plan Services at 888-927-7526, or check the CPS website at ***ConcordiaPlans.org*** for more details about Personal Spending Accounts.

# 4.900:
# IRS Ruling

## 4.905:
## Retirement Benefits—Housing Allowance Designation

AUG 18 1981

**Internal Revenue Service** | Department of the Treasury

Index Numbers 0107.00-00
0107.01-00

Washington, DC 20224

Person to Contact:
Ms. Nancy H. Schuhmann
Telephone Number:
(202) 566-3292
Refer Reply to:
T:I:EGWEA:2:2
Date:
AUG 17 1981

Board of Managers of Worker
Benefit Plans
Lutheran Church-Missouri Synod
500 North Broadway
St. Louis, MO 63102

EIN: 43-0658188

Attn: Mr. Herbert Mueller
Secretary

Dear Sir or Madam:

This is in reply to your letter of May 14, 1981, in which you, in effect, request a modification of our letter ruling to you dated May 7, 1974, which concerned your authority to designate a portion of certain retired ministers' pensions as "rental allowances" within the meaning of section 107 of the Internal Revenue Code.

On the basis that the circumstances which were the subject of our previous letter ruling have not changed, we conclude that you may designate the entire amount of a retired minister's pension as a "rental allowance."

Please note, however, that we must qualify our ruling to the extent that an amount that you designate as a "rental allowance" will not be excludable from a retired ordained minister's gross income under section 107 to the extent that such amount is either greater than the amount actually used to rent or provide a home or to the extent that such amount exceeds the fair rental value of the home (including furnishings and appurtenances) plus the cost of utilities.

This ruling is directed only to the taxpayer who requested it. Section 6110(j)(3) of the Internal Revenue Code provides that it may not be used or cited as precedent.

Sincerely yours,

Richard L. Crain

Richard L. Crain
Chief, Estate, Gift, Wage,
Excise and Administrative
Provisions Branch

# Chapter 5: Tax-Favored Savings Plans

# 5.100: Introduction

There are a variety of tax-favored savings plans designed to meet employees' needs for retirement income, children's educational expenses and out-of- pocket medical expenses. Information included in this publication about some of these plans does not imply that LCMS is recommending participation in them. Neither is the information provided in this chapter considered to be complete nor should it be relied upon when making important decisions relative to these plans. As the laws on these subjects are quite technical and subject to change, any employer or employee contemplating establishing and/or participating in any one of these plans should first seek competent advice.

# 5.200: Tax-Sheltered Annuities/403(b) Plans

## 5.205: Eligibility

Tax-sheltered annuities (TSAs or 403(b) plans) are retirement plans available only for employees of tax-exempt organizations, including certain ministers performing ministry outside the church and only in the event their employer sponsors such plans.

## 5.206: Employer's Responsibilities

Employer plan sponsorship includes adopting and maintaining a defined contribution retirement plan, which, both in form and operation, satisfies the requirements under Section 403(b) of the Internal Revenue Code. The plan must continue all the terms and conditions for eligibility, contribution limits, benefits and the time and form under which benefit distributions will be made under the plan. The employee instructs the employer how much to contribute to an account maintained for the benefit of the employee. Employers (or those to whom they delegate the administrative duties) have oversight and compliance responsibilities for each of its employee's TSA accounts.

Employers are not only responsible for withholding the proper amount of elective deferrals from employees' pay, but also to pass on these amounts to the appropriate financial institution within 20 business days following the month in which these amounts would have been paid to the employee (in other words, within 15 days of the last payday of the month).

## 5.210: Funding

Typically, in churches, you will find employee 403(b) accounts funded primarily through salary reduction agreements. Each employee chooses whether to contribute to an account maintained for his or her benefit. The employee's contribution is termed an "elective deferral" inasmuch as it defers the tax on a portion of his or her current salary. These contributions are non-forfeitable.

However, more employers are beginning to make additional contributions to their employees' 403(b) accounts either as a fixed percentage of employee compensation or as a "matching" contribution.

## 5.211: Contribution Limits

The maximum amount of elective deferrals that employees may contribute in 2022, based on taxable earnings, generally cannot exceed $20,500 (indexed annually for inflation).

For age 50 and older, an additional contribution of $6,500 (subject to inflation adjustments) may be made in 2022.

In 2022, the maximum contribution for combined employer contributions and employee elective deferrals is the lessor of 100% of includible compensation and $61,000 (indexed annually for inflation). With respect to ministers, housing allowances are not counted in determining includible compensation for the maximum contribution limit.

The employer is to ensure the employee does not exceed his or her maximum contribution amount.

## 5.212: Concordia Retirement Savings Plan (CRSP)

The Concordia Retirement Savings Plan (CRSP) is an employer-sponsored 403(b) tax-advantaged savings plan administered by Concordia Plan Services through Fidelity and its affiliates. The CRSP employer contribution is voluntary. Employees may elect to contribute to the CRSP on a pre-tax or Roth basis. The CRSP offers carefully selected low fee investments with the opportunity for the participant to receive a managed investment service. Please refer to ***ConcordiaPlans.org*** for additional information.

## 5.220: Tax Aspects

TSA contributions to a 403(b) plan are tax-deferred (i.e., excluded from the employee's gross income in the year earned; and not becoming taxable until withdrawn). Employee pre-tax elective deferrals are shown on Form W-2 in Box 12, Coded E, but not as income in Box 1. Employer's contributions, if any, are not reported on Form W-2.

For the ***lay employee*** these amounts are subject to social security and Medicare tax and must be included on Form W-2 in Box 3 and Box 5. However, for the ***minister*** these amounts are not included as income subject to self-employment tax according to IRS Revenue Ruling 68-395. Contributions that exceed the maximum contribution limits constitute an excess contribution that is included in the individual's gross income for the taxable year in which it was contributed. Excess contributions may also be subject to excise taxes. To avoid this penalty, a plan may provide that contributions found to be in excess will be distributed to the individual (along with allocable net income) by April 15 of the following taxable year.

A tax credit (called “Saver’s Credit”) may also be claimed by lower income taxpayers funding a TSA. The income limitations are indexed annually for inflation. The maximum elective contribution eligible for credit is $2,000 ($4,000 if filing jointly). The credit is in addition to the exclusion that already applies. For more information about this retirement savings contribution credit, see IRS Publication 571, Tax Sheltered Annuity Programs.

### 5.225: Written Plan

It is mandatory that these plans be in writing. In the absence of a written defined contribution plan describing all the provisions of how the plan works, the tax-deferred benefits for all participants will be jeopardized. Written plans can range from simple to very complex. In some situations, the plan might merely be a compilation of several documents: a salary reduction agreement; the various contracts that fund the plan; as well as, a narrative of the administrative procedures regarding compensation eligibility, distribution, timing and contribution limits. In other situations, the employer may incorporate all the necessary elements into a single written document. If an employer has more than one plan, the IRS requires a written master plan document that accounts for the provisions in each individual employee funded account and all employer funded accounts at all financial institutions. In any event, it is always prudent that employers write their TSA plans with help from their legal or tax professionals. NOTE: If any employer offers **only** the Concordia Retirement Savings Plan as its 403(b) plan, Concordia Plan Services provides a written plan document that complies with IRS requirements, and employers will not have to prepare their own written plan.

### 5.230: Communication

It is not sufficient to have a written plan if you do not make all eligible employees aware of its availability and give them a summary of its provisions.

Also, since employers have oversight and compliance responsibilities with respect to each of their employees’ contracts, certain information about all existing employee contracts must be obtained from the financial institutions holding those accounts and contracts. This task may pose difficulties for employers trying to coordinate with a multitude of different financial institutions.

### 5.240: Distributions

Elective deferrals and employer contributions generally may only be distributed upon severance from employment, death, disability, attainment of age 59½ or in the event of hardship.

Some plans may permit participants to borrow subject to strict tax code requirements. However, this is an optional provision that an employer may or may not decide to include in the plan.

Some plans may permit contract-to-contract exchanges within the same plan and plan-to-plan transfers. Investment changes between contracts within the same plan must follow certain requirements, an important one of which includes an information-sharing agreement with the issuer of the recipient contract. For example, it is essential that the employer and issuer share information about whether the employee has severed employment, whether hardship distribution rules have been satisfied, and plan loan information (if any).

All plans however require that contributions must eventually begin to be distributed, giving IRS its long- awaited source of tax revenue. This event is termed “re- quired beginning date.” Distribution must begin by the April 1 following the calendar year in which an individual retires (or reaches age 72, if later.)

### 5.250: Plan Reporting to IRS

A welcome relief, you will not have to file an IRS Form 5500 for a TSA plan that is a church plan.

## 5.300: Individual Retirement Accounts

### 5.310: Eligibility

All eligible individuals, including ministers, may contribute to an individual retirement account or annuity (referred to collectively as IRAs). Annual contributions to both traditional and Roth IRAs are limited to an aggregate of $6,000 through 2022. Persons age 50 and older may contribute an additional $1,000. The employees, not their employer, open these accounts and fund them with their own contributions.

For more information about all IRAs, see *IRS Publications* 590-A,Contributions to Individual Retirement Arrangements, and 590-B Distributions from Individual Retirement Accounts.

### 5.320: Traditional IRA

Any individual who has income from compensation or is filing a joint return with a spouse who earns compensation may contribute to a traditional IRA. Contributions may also be deductible if additional income requirements are met. All distributions become part of taxable income. Penalty-free withdrawals are permitted before age 59½ for certain qualified expenditures. Some of these expenditures include qualified first-time home purchase (up to $10,000), certain medical expenses, qualified higher education expenses, or in the event of death or disability. Withdrawals are required to begin by April 1 of the year following the year in which the account holder reaches age 72.

Contributions to IRAs are not deductible for self- employment tax purposes. The earnings on IRAs will continue to be tax deferred regardless of whether the initial contribution was deductible or not.

### 5.330:
### Roth IRA
Any individual who meets certain income requirements and who has income from compensation or is filing a joint return with a spouse who earns compensation may contribute to a Roth IRA. While contributions are not deductible, earnings grow free of federal tax if the account is open for five tax years and withdrawals are for a qualified reason which includes age 59½, certain medical expenses, qualified higher education, disability, death or a qualified first-time home purchase (up to $10,000). The account holder is not required to begin withdrawals at any particular age.

## 5.600:
## Educational Savings

### 5.610:
### Coverdell Education Savings Accounts
The sole purpose of this savings instrument is to help pay for your child's elementary, secondary and post- secondary education expenses. Contributions can be made for the child until he or she reaches age 18. Special needs children have no such age limit. Any parent, grandparent, other family member, friend and the child him/herself can make contributions, provided the contributor has modified adjusted gross income within certain limits. Total contributions for the child for a taxable year cannot exceed $2,000. While contributions are not deductible, earnings grow free of federal tax. Withdrawals are tax and penalty free if used for qualified expenses such as tuition, equipment, fees — even room and board — any time before the child reaches the age of 30.

### 5.620:
### Qualified Tuition Program/529 Education Savings Account
A 529 Plan is a tax-advantaged investment account for qualified education expenses.  Earnings on contributions made to 529 plans grow tax-free, and withdrawals can be made tax-free for qualified education expenses.  Depending on the account owner's state of residence and the 529 plan selected, there may be state-tax advantages, as well. There are no annual contribution limits on 529 plans, but account balance limits apply and vary depending on state. Withdrawals from a 529 plan can be used for college expenses, K-12 tuition, certain apprenticeship costs, and student loan repayments. Any parent, grandparent, other family member, friend and the child him/herself can make contributions to the 529 plan account. Beneficiaries of the 529 plan account are transferrable among family members. For more information, see *IRS publication 970*, Chapter 7: Qualified Tuition Program.

## 5.700:
## Health Savings Accounts
Health Savings Accounts (HSAs) were created to work in conjunction with high-deductible health plans. If an employer offers a high-deductible health plan through the Concordia Health Plan, the worker and covered spouse may qualify to open separate HSAs to save money for out-of-pocket medical expenses.

An HSA is an individual account that can be funded with employer or worker money, from which the worker can be reimbursed tax-free for qualified medical expenses. Or, if not used, the money accumulates with tax-free interest until retirement, when the worker can continue to withdraw funds for medical expenses tax free or can withdraw funds for any purpose and pay normal taxes. Funds withdrawn for non-qualified medical expenses before age 65 are subject to an additional 20% tax penalty. There is no additional tax on distributions made after the date you are disabled, reach age 65, or die. Individuals own their own HSAs.

If the worker makes the contributions to the HSA under an employer's §125 Cafeteria Plan, he/she elects how much to contribute each year up to the IRS maximum. That HSA amount is divided by the number of paychecks issued throughout the year and then that amount can be automatically deducted from each paycheck by the employer, before taxes, and placed into the worker's HSA account.

Employer contributions (includes employee's elected contributions) must be reported on the worker's Form W-2, box 12, coded W (See Exhibit 7-K(2) on page 7–26 for example).

Advantages of a Health Savings Account (HSA):

- Before-tax contributions by the worker under an employer's §125 Cafeteria Plan reduce the worker's taxable income, meaning less taxes are paid. Contributions outside a §125 Cafeteria Plan are deductible (a deduction on Form 1040) towards reducing the employee's gross income subject to tax.
- Monies in the HSA roll over from year to year and can be used in future years when the worker may have medical expenses.
- High-deductible health plans have lower health plan rates (or premiums), which allows the employer to share the savings with the worker through a salary increase or contributions to the HSA.
- An HSA is portable. The HSA is owned by the worker and travels with him/her from job to job.
- An HSA may earn investment income if investment options are offered. HSAs are designed so that money can be withdrawn when needed for medical expenses, but the money that is not withdrawn has the potential to grow and accumulate interest.

- HSA funds can be used for any qualified medical expense.
- The worker is more proactively involved in managing his/her “small dollar” medical expenses, and the incentive is provided to maintain good health.
- No required minimum distributions.

Employers in the Concordia Health Plan can provide their workers the opportunity to participate in an HSA through Health Equity or Kaiser Permanente (for some options). HSAs can also be set up through banks, investment firms and some insurance companies. The Lutheran Church Extension Fund offers HSAs, too (see 19.200). For more information about HSAs, refer to *IRS Publication 969*.

# Chapter 6: Business Expenses



## QUICK REFERENCE

| | 2023 | 2022 |
|---|---|---|
| Standard business mileage rate | | |
| 1-1-22 through 6/30/22 | ¢ | 58.5¢ |
| 7-1-22 through 12/31/22 | ¢ | 62.5¢ |
| Medical mileage rate | | |
| 1-1-22 through 6/30/22 | ¢ | 18¢ |
| 7-1-22 through 12/31/22 | ¢ | 22¢ |
| Charitable mileage rate | ¢ | 14¢ |

* 2023 rates will be released by IRS sometime closer to January. We will update and post new rates at *lcms.org/resources*.

# 6.100: Introduction

The manner in which "business" expenses are treated on a federal income tax return depends on whether the expenses are reimbursed by the employer and whether the reimbursement is a fixed cash allowance *("cash allowance")* or a dollar-for-dollar reimbursement *("direct reimbursement")* under which the employee accounts adequately to the employer for the expenditures.

Cash allowances paid to and spent by the employee for business-related expenses without a required accounting to the employer are includable as income on Form W-2 and, following the passage of the Tax Cuts and Jobs Act (TCJA) passed in December 2017, are no longer eligible as itemized deductions on Schedule A of Form 1040.

Business expenses for which the employee receives a direct reimbursement following an adequate accounting of expenses are not includable as income.

## 6.110: Accountable Plan/Direct Reimbursement of Expenses

The direct reimbursement method is an understanding between the employee and the congregation or other employer that expenses for local transportation, out-of- town travel and other expenses related to employment, such as the expense of maintaining a library, will be directly reimbursed upon presenting proof of personal payment for those items. The direct reimbursement method is the most favorable because tax regulations permit the congregation or other employer not to report the reimbursement as compensation paid to the employee on Form W-2, and also permit the employee not to report the reimbursement as income on Form 1040.

When the congregation or other employer begins to use direct reimbursement, they must adopt a resolution outlining the terms of the Accountable Reimbursement Policy.

**The following resolution is suggested:**

The following resolution was adopted by the (church organization), in its Voters' Assembly/Board meeting held on (date).

It is hereby resolved, that the (church organization) adopt an Accountable Plan Reimbursement Policy which is in accordance with income tax regulations 1.162-17 and 1.274-5T(f), as described in the following terms and conditions:

1. Any minister or other employee who is employed now or hereafter shall be reimbursed for any ordinary and necessary business and professional expense incurred on behalf of the Church only if the following conditions are satisfied: (1) The expenses are reasonable in amount; (2) The employee documents the amount, time and place, business purpose and business relationship of each expense with the same kinds of documentary evidence as would be required to support a deduction of the expense on the person's federal income tax return; and (3) the employee documents such expenses by providing the Church treasurer with an accounting of such expenses no less frequently than monthly. In no event will an expense be reimbursed if substantiated more than 60 days after the expense is paid or incurred by the employee or bona fide volunteer (including a director or officer).

   It is understood that the above conditions are in large part taken from income tax regulation 1.274- 5T(f), which provides that:

   "an adequate accounting means the submission to the employer of an account book, diary, business expense or mileage tracking app, statement of expense, or similar record maintained by the employee in which the information as to each element of expenditure (amount, time and place, business purpose and business relationship) is recorded at or near the time of the expenditure, together with supporting documentary evidence, in a manner that conforms to all the 'adequate records' requirements."

**TREASURERS:**
INSIST ON DOCUMENTATION FOR ALL BUSINESS EXPENSES.

2. Reimbursements shall not be paid by increasing paychecks by the amount of business expense reimbursements. Rather all such reimbursements shall be separately paid out of church funds.
3. Reimbursable business and professional expenses include local transportation, overnight travel (including lodging and meals), entertainment, books and subscriptions, education, vestments and professional dues.
4. The church shall not include on the employee's Form W-2 the amount of any business or professional expense properly substantiated and reimbursed according to the preceding paragraphs. The employee should not report the amount of any such reimbursement as income on his/her Form 1040.
5. Any church reimbursement that exceeds the amount of business or professional expenses properly accounted for by an employee according to the terms of this reimbursement policy must be returned to the church within 120 days after the associated expenses are paid or incurred and shall not be retained by the employee. If the Church's reimbursements are less than the amount of business and professional expenses properly substantiated by an employee, the church will report no part of reimbursements on the employee's Form W-2. The employee may not claim a tax deduction for his or her unreimbursed expenses as in previous years.

6. Under no circumstances will the church reimburse an employee for business or professional expenses incurred on behalf of the church that are not properly substantiated according to this policy. The church and staff understand that this requirement is necessary to prevent this reimbursement plan from being classified as a "nonaccountable" plan, which would then require the reporting of all such reimbursements as taxable income on Form W-2.
7. All original receipts and other documentary evidence used by an employee to substantiate the business nature and amount of his/her business and professional expenses incurred on behalf of the church shall be retained by the employee. The church may, at its election, make copies of such evidence.

A standard "expense" voucher should be developed for use by the congregation. The following example can be used or modified to meet the needs of the congregation or organization.

First Lutheran Church
2743 Concordia Drive, St. Louis, MO 63122

**EXPENSE REIMBURSEMENT VOUCHER**

Date __________________
Name______________________________________________
Address ___________________________________________
City __________________ State _____ ZIP_________________

**Business Purpose** ________________________________

____________________________________________

**Travel Expense:**
Auto Expense_______________@ $.??/mile _________
*(Mileage log should be attached)*

Other Expenses: _______________ _______________
Other Expenses: _______________ _______________
____________________________ _______________
____________________________ _______________
*(Receipts attached)*
**TOTAL EXPENSES** ________________

Signature ____________________________________

Approved by Acct # Amt $ __________

Approved by ______Acct # ________ Amt $ __________

## 6.111: Direct Reimbursements to Volunteers

Organizations that reimburse volunteer employees for business expenses incurred while performing service, including their transportation expense at the standard business mileage rate, can do so without including any portion of it in their income if the volunteers follow the same rules as employees' reimbursements under an accountable plan. In order to receive mileage reimbursement, they must account for the time, purpose, and number of miles driven for each trip. Refer to 6.110 for the rules that must be followed.

## 6.115: Cash Allowances

If, instead of a dollar-for-dollar reimbursement of expenses, the congregation grants a cash expense allowance to an employee with no substantiation requirement, the amount paid by the congregation to the employee must be reported on the employee's Forms W-2 and 1040. The employee may no longer claim a tax deduction for these unreimbursed expenses as in previous years.

## 6.120: Record Keeping

Whether the direct reimbursement method or the cash allowance method is adopted by the congregation to reimburse the employee for employee business expenses, it is important to maintain adequate records in order to support either the exclusion of the reimbursement from income or the deductibility of such amounts from expense allowances included on Form W-2 as income.

## 6.125: Unreimbursed Business Expenses

It is recommended that congregations employ an Accountable Plan as detailed in section 6.110 because employees can no longer claim a tax deduction for their unreimbursed business expenses incurred and related to their employment. This means mileage expenses when using a personal vehicle for work is no longer tax deductible on the employee's IRS Form 1040. Therefore, churches may consider paying the full IRS standard business mileage rate to employees using personal vehicles to travel for work.

## 6.135: Automobile Expenses

Expenses incurred to operate a car owned or leased by the employee may be calculated based on the actual expenses incurred (such as gas, oil, repairs, depreciation, etc.) or based on an amount per mile as prescribed by the IRS. If an owner or lessee uses actual expenses, the total expense must be prorated between business and personal use (commuting). Lessees fully deducting the business use (percent) of their annual lease costs should be aware that if the value of their passenger auto (including trucks and vans) at the beginning of the lease exceeds $50,000 (for 2018), a set amount must be included or "added back" each year to partially offset the entire lease deduction. Inclusion amounts are listed in the appendix of IRS Publication 463.

## 6.136: Transportation Expenses

A taxpayer's costs of going between one business location and another business location generally are deductible, whereas, commuting between his or her residence and regular place of employment generally are nondeductible personal expenses. Special situations in which commuting expenses are deductible are as follows: (1) daily transportation expenses incurred in going between the taxpayer's residence and a temporary work location outside the metropolitan area where the individual lives and normally works; (2) costs of daily travel between the residence and a temporary work location in the same trade or business, regardless of the distance, by a taxpayer who has one or more regular work locations away from the residence; and (3) costs of daily travel between the residence and another work location in the same trade or business, regardless of whether the other work location is regular or temporary and regardless of the distance, if the residence is the taxpayer's principal place of business.

**Example:** Pastor Ostermeyer's office is in the church and he regularly make visits at a nearby nursing home. The regularity in which he ministers at each of these locations causes them to be his regular places of business. Occasionally, he goes to the hospital to make sick calls. Pastor Ostermeyer's cost to go between home and church or home and the nursing facility are nondeductible personal commuting expenses to his regular place of business. However, his costs are deductible to travel between home and the hospital; between church and the hospital; between the nursing home and the hospital; or between the church and the nursing home.

For an employee, the tax-free benefit is only realized if the transportation expense is reimbursed by the employer under an accountable plan.

For more information related to deductible transportation costs, refer to IRS Publication 463, under Transportation.

## 6.140: Moving Expenses

If an employer reimburses an employee for any moving expenses or pays a third party directly (e.g. moving company), these costs must be added to the employee's wages and are subject to income, social security and Medicare taxes paid by means of withholding or estimated payments.

## 6.150: Qualified Business Income Deduction

The "qualified business income deduction", a/k/a the "20% deduction", a/k/a "199A deduction", is intended for businesses having pass-through income. The rules to qualify for this deduction can seem quite complex for most taxpayers, but not when applying them to the type and amount of income a minister might typically report on Schedule C (honorariums, book royalties, baptisms, weddings, etc.).

If a minister's income of this type constituting a trade or business is below $329,800 (if married filing jointly)/ $164,900 (if single), he or she may claim this deduction equal to 20% of this income. A minister's wages earned and reported on Form W-2 by his congregation is not eligible for this deduction.

# Chapter 7: Payroll and Other Information Returns

# 7.100: Introduction

A typical Lutheran church or school will have two kinds of workers: the employee, who is treated for income tax purposes similarly to all secular businesses, and the "minister of the Gospel," for whom the regulations for income, social security and Medicare tax are unique. IRS Publication 517, *"Social Security and Other Information for Members of the Clergy and Religious Workers,"* alludes to this uniqueness: "Because of specific legislation, you (minister of the Gospel) are considered a self-employed individual in performing your ministerial services for social security purposes. However, because of common-law rules, you may be considered an employee for other tax purposes." See 7.105 for common-law rules and also IRS Publication 15-A. As the reporting and withholding requirements differ for each set of workers, the treasurer should be well versed in the differences and clearly understand in which category each worker is classified.

If you use an outside payroll service, you (congregation and minister) are still responsible. Because of the unique nature of regulations regarding "minister," please pass this information on to your payroll service.

The IRS indicates that there are 3 categories to properly classify workers as an independent contraftor (self-employed) or an employee: 1. Behavioral Control 2. Financial Control 3. Relationship of the parties. IRS Revenue Ruling 87-41 lists 20 factors to consider when making such a determination.

## 7.105: Characteristics of Employees/Self-Employed

An employee is anyone who performs services for remuneration, and the congregation can control what will be done and how it will be done. According to IRS Publication 15, "Circular E, Employer's Tax Guide," and Publication 15-A, "Employee's Supplemental Tax Guide," the congregation is responsible for withholding the correct federal income tax based on the employee's completed Form W-4. If wages for the calendar year exceed $100, the congregation must also withhold and pay the employer's share of social security and Medicare tax.

All lay workers of the congregation are to be treated as employees, unless there are truly unique circum- stances. Congregations cannot treat workers as self-employed, independent contractors or neglect to maintain the other payroll requirements of an employer in order to avoid paying social security and Medicare tax.

The IRS indicates that there are 3 categories to properly classify workers as an independent contractor (self-employed) or an employee: 1. Behavioral Control 2. Financial Control 3. Relationship of the parties. IRS Revenue Ruling 87-41 lists 20 factors to consider when making such a determination. When applying the factors to ministers, the factors will describe the worker as an independent contractor in some cases and a common-law employee in others. However, the preponderance of factors indicate that a minister in The Lutheran Church—Missouri Synod is a common-law employee, even though for social security and Medicare tax and income tax withholding purposes, the worker is treated as self-employed.

At the bottom of the page is a summarized list of the characteristics of employees and independent contractors.

### Characteristics of EMPLOYEES

- Required to comply with instructions
- Continuous relationship with employer
- Work is done personally by the worker
- Works full time
- No liability incurred if worker quits
- Worker's expenses are reimbursed
- Reports of work completed must be submitted by worker
- Worker is furnished with tools and place to work
- Pension, health or other benefits are provided

### Characteristics of SELF-EMPLOYED

- Can employ assistants
- The order and sequence of work set by worker
- Payment is by the job
- Hours of work set by worker
- The person may work for someone else at the same time
- The worker's services are available to the public
- Tools are provided by the worker
- The worker can enjoy a financial profit or loss
- The work can be done on someone else's business premises
- There is a substantial financial investment by the worker
- The worker has a business license

## 7.110:
## Status of Congregational Workers

All congregational workers—both ministers and non-ministers—should normally have their compensation reported on IRS Form W-2. For purposes of paying social security and Medicare tax, all congregational workers, other than certain "IRS-recognized" ministers, will pay a portion of their social security and Medicare tax by means of social security and Medicare tax withholding, with the employer also paying its appropriate share. Persons paying social security and Medicare tax in this way are generally referred to as covered by the Federal Insurance Contribution Act (FICA). The Self-Employed Contribution Act (SECA) tax is levied on those who work for themselves and ministers of Religion regardless if employed by the congregation. It requires these workers to contribute tax to pay both the employer and employee portions of FICA.

A summary of various congregational workers and their social security status follows.

| Normal Worker Title | Social Security Status | Exception |
|---|---|---|
| Certified Lay Minister | SECA | None |
| Deaconess | SECA | None |
| Directors of Christian Education, Christian Outreach or Parish Music | SECA | If not listed on Synod's roster as "Commissioned Minister," the social security status is FICA. |
| Director of Evangelism | FICA | None |
| Guest Pastor | SECA | Report earnings of at least $600 on Form 1099-NEC. |
| Intentional Interim Minister | SECA | None |
| Janitor | FICA | If the worker does other work in the profession under contract, report earnings on Form 1099-NEC. |
| Lay Minister, Deacon | FICA | None |
| Nurse | FICA | None |
| Organist | FICA | If the worker does other work in the profession under contract, report earnings on Form 1099-NEC. |
| Parish Assistant | SECA | None |
| Parish Worker | FICA | None |
| Pastor | SECA | None |
| Secretary | FICA | None |
| Teacher/Substitute Teacher (not on Synod's roster) | FICA | None |
| Teacher/Substitute Teacher (on Synod's roster) | SECA | None |
| Vacancy Pastor | SECA | None |
| Vicar | FICA | If listed on Synod's roster as "Commissioned Minister," the social security status is SECA. |

## 7.115:
## Employee's File

The church should maintain a file for each employee of the church. This file should include the following forms or reports, most of which are described in other areas of this manual:

1. Employment application and/or resume or call document.
2. Employer payroll authorization form. (See Exhibit 7-E.)
3. Copy of Concordia Plan Services enrollment form.
4. Form W-4.
5. Form I-9 (keep separate from employee's file).
6. Forms required by the state.
7. Copy of applicable insurance enrollment forms, such as HMO, dental and vision plans.
8. Copy of statement to employee that no unemployment insurance is available if applicable. (See 12.400.)
9. Employee signed authorization for any payroll adjustment.
10. Federal or state levy (if exists).

The employee's file should be retained permanently. The contents are considered confidential. Access to this file should be limited to the employee's direct supervisor(s) and/or those involved in retention of him or her.

If the church has an employee evaluation, the evaluation also should be included in this file. However, as there are federal and state laws regarding these evaluations, it is recommended the church receive legal counsel for maintaining these evaluations.

Since Forms I-9 must be available for inspection upon an audit, it is advisable to keep these forms separate from the employee's personnel file.

### 7.120: Minister of the Gospel

The IRS regulations require that all "IRS-recognized" ministers of the Gospel, male and female, are governed by the terms of the Self-Employment Contribution Act (SECA) for social security tax purposes. "IRS-recognized" ministers may pay their social security (SECA) and federal income tax in one of two ways. One method is to request their employer to "voluntarily" withhold federal income tax in an amount sufficient to cover both their social security (SECA) and federal income tax liability. (Please note that this allowable method of voluntary withholding payments for both SECA and federal income tax should be reported as federal income tax withheld, and not as either social security or Medicare tax.) See Exhibits 7-J(1), 7-K(3), and 7-L. The second method is to pay timely quarterly estimated tax payments for both the SECA and the federal income tax liability. (Refer to 1.340.)

## 7.200: Cafeteria Plans

The "cafeteria plan" is a written plan established by an employer under Internal Revenue Code 125 that allows its employees a choice between a taxable (cash) benefit or a menu of "qualified" nontaxable benefits usually made via a salary reduction agreement. A cafeteria plan permits employees to receive certain tax-free fringe benefits from their employer even though they had the right to receive cash instead. If an employer has not established a bona fide cafeteria plan, any compensation of a non-taxable benefit in lieu of cash salary becomes taxable.

A cafeteria plan **must** present employees with a choice between cash and one or more nontaxable fringe benefits paid by the employer. A plan that allows employees to choose among several non-cash fringe benefits is not a cafeteria plan.

While this section of the Congregational Treasurer's Manual will provide some basic information regarding the cafeteria plan, the requirements for a qualified cafeteria plan are complex and we encourage you to consult a tax attorney or Certified Public Accountant for assistance in preparing your plan. We would also note that some insurance carriers offer services in writing and administering cafeteria plans. Other agencies may offer services to administer the employer's plan for a fee.

Please note that the name "cafeteria plan" is drawn from the menu of options and has no relationship to the eating facility.

### 7.205: Qualified Benefits

The only taxable benefit under the cafeteria plan is cash. Employees electing to receive cash will have that amount recorded as ordinary income on the W-2 form. Nontaxable benefits under a cafeteria plan may include the following:

- Employer-paid group term life insurance coverage up to $50,000.
- Employer-paid medical insurance premiums.
- Employer reimbursements of medical expenses under an accident or health plan. This does include the deductibles under the Concordia Health Plan, dental expense deductibles or those exceeding the plan limit, eye examinations and corrective lenses not in the health plan, etc.
- Employer paid dependent care.
- Adoption assistance.

### 7.210: Non-Qualified Benefits

A cafeteria plan may not include such benefits as scholarships, educational assistance programs, fringe benefits that are of such little value that it would be administratively impractical to account for them, employee discounts and fringe benefits granted by the employer as a working condition (business use of a car furnished by the employer).

Other items which may not be included are elective cosmetic surgery, health club dues, medical insurance premiums not employer paid, dancing lessons, maternity clothing, marriage counseling and swimming pools, saunas or exercise equipment.

### 7.215: Requirements

1. The plan must be in writing.
2. A specific description of each of the benefits available under the plan and the periods during which the benefits are provided (usually the fiscal or calendar year).
3. An explanation of procedures for participants' elections under the plan including when the elections can be made for incumbent and new employees, whether the elections are irrevocable, and the periods for which they are effective (usually one year).
4. How the plan is to be funded. Employer contributions may be made by a salary reduction agreement with the employee or by nonelective employer contributions.

5. The maximum amount that can be made available in the form of employer contributions to any one employee.
6. The calendar or fiscal year on which the plan operates.

## 7.220: Highly Compensated Employees

The employer's plan may not discriminate in favor of highly compensated employees. If it does discriminate in favor of such employees, they may lose the benefit of the exclusion.

## 7.225: Recordkeeping

A critical point of recordkeeping is that records for each claim under the plan must clearly substantiate that the requirements of the plan are being met. That is, that the funds are used only for permitted purposes and the claim is properly verified.

## 7.230: Flexible Spending Arrangement (FSA)

This is a popular type of cafeteria plan and offers the employee options to cover health care costs in an era of diminishing health benefits. It may also be used for certain dependent care. Concordia Health Plan offers three types of "personal spending accounts" that the employee can integrate with his or her selected health options.

One of these products is an FSA. It allows a salary reduction to pay health costs with pre-tax dollars.

In addition to other cafeteria plan requirements noted above, the following additional requirements apply to the Health FSA:

1. In 2022, annual employee contributions will be capped at $2,850.
2. An employee cannot receive funds set aside in a health FSA as cash or any other benefit in the event they are not needed to pay medical expenses.
3. Employers may offer only one of two of the following options or none at all: 1) it can provide a "grace period" of up to 2 1/2 extra months to use any balance remaining in the FSA at year's end, or 2) it can allow employees to carry up to $570 per year to use in the following year.

   Unused funds revert back to the employer and may be used to defray administrative costs of the plan or distributed to all participants equally as an experience gain dividend (added to the W-2 for the year).
4. Changes in the amount of salary reductions may not be made during the plan year except in the case of changes in family status or employment status.
5. An employee may claim reimbursement for medical expenses at any time during the year up to the maximum amount of coverage, that is, up to the amount of salary reduction for the year, even if actual payments into the FSA are less than the amount claimed at this time of the year.

### Cafeteria Plan/FSA

What is the difference between a cafeteria plan and an FSA? A pure cafeteria plan is funded with employer dollars and the employee has the choice of the benefit or the funds. The FSA, on the other hand, is funded with employee before-tax dollars. **These dollars are not subject to federal, state or social security withholding. Neither are they subject to a minister's self-employment tax liability.**

The employer also benefits from the FSA in that payroll taxes including the employer's share of FICA are reduced by the amount the employee sets aside.

## 7.235: Dependent Care Under FSA

The FSA may also be used for qualified dependent care expenses, providing ***all*** the following conditions are met:

1. The services must be rendered during the year for which the deduction applies.
2. Each individual for whom the employee incurs expenses is:
   a. a dependent under age 13, who the employee is entitled to claim as a dependent on his/her federal income tax return; ***or***
   b. a spouse or other tax dependent who is physically or mentally incapable of caring for himself or herself.
3. The expenses are incurred for the care of a dependent described above and are incurred so that the worker may be gainfully employed.
4. If the expenses are incurred outside the household, they are incurred for the care of a dependent who is described in 2a (above), or who regularly spends at least eight hours per day in the worker's household.
5. If the expenses are incurred for services provided by a dependent care center (caring for more than six individuals not residing at the facility) the center must comply with all applicable state and local laws and regulations.
6. If the expenses are incurred for services provided by a camp, the dependent may not stay overnight at the camp.
7. The expenses may not be paid to a child of yours under the age of 19 at the end of the year in which the expense was incurred or to an individual whom you may claim as a personal tax exemption on your tax return.
8. The reimbursement (when aggregated with all other reimbursements received by the worker under the plan

during the same year) may not exceed the least of the following:

a. $5,000 ($2,500 if you do not certify that [i] you will file a joint Federal income tax return for the year with your spouse or [ii] you are not married).
b. Your taxable compensation (after the reduction agreed to for dependent care assistance).
c. If you are married, your spouse's actual or deemed earned income.

# 7.300: Payroll Returns

## 7.305: Sample Payroll with Completed Tax Forms

Sections 7.310 to 7.370 contain step-by-step procedures for completing the payroll of First Lutheran Church. Exhibit 7-A is the annual payroll information illustrated on the following filled-in forms. The payroll information correlates with the bookkeeping records illustrated in Chapter 23.

## 7.310: Employer Identification Number

Every congregation and separately incorporated school should have an Employer Identification Number (EIN). A school that is operated by a congregation and not separately incorporated should use the congregation's EIN number. An EIN is a nine-digit number assigned by the IRS. It must be used on all forms and reports submitted to the IRS, including the annual submission LCMS makes with respect to maintaining the organization's group income tax exemption. It is also necessary for opening a checking or savings account in the church's name.

If the congregation does not have an EIN, there are a variety of ways to obtain one. The preferred method is by Internet. Go to *irs.gov* anytime (24/7) and search the IRS site for "EIN." Follow the instructions for completing all the necessary fields of the online application. When asked for type of legal structure is applying for an EIN, find and select "Church-Controlled Organization." The IRS will issue the EIN immediately upon successful submission of the online application. No paper needs to be sent to the IRS.

It can also be acquired by fax or mail. Applications usually take four to five weeks for processing. Obtain and complete IRS Form SS-4, "Application for Employer Identification Number" (Exhibit 7-B). The address to which it must be mailed can be found in the form's instructions.

Applying for an EIN is a free service offered by the Internal Revenue Service. Beware of websites on the Internet that charge for this same service.

Application by fax generates an EIN within four business days. Complete and fax the Form SS-4 to the IRS using the Fax-TIN number provided in the form's instructions. Be sure to give the IRS a fax number to which it can fax the EIN back. Similar to the Internet, Fax-TIN is available 24 hours a day, seven days a week.

Upon obtaining the EIN, the applicant should subsequently receive **IRS Publication 15, "Circular E."** This publication has complete instructions on withholding, remitting and reporting taxes. Tables for determining the amount of income tax to withhold are found in IRS Publication 15-T.

Synod's Group Exemption Number is 1709.

## 7.311: Responsible Party Update

When a church or church-related organization applies for a federal Employer Identification Number ("EIN") it reports the organization's responsible party. As this per- son changes, the new information must be updated with the IRS within 60 days of the change on IRS Form 8822-B. The form and its instructions are available at *irs.gov*.

The responsible party for an organization depends on its legal structure and polity. It could be another entity, but is more typically an individual. For most LCMS congregations, the person who best fits the IRS definition is more likely than not their respective treasurer because he or she, more than anyone else, directly or indirectly "controls, manages or directs the entity and the disposition of its funds and assets."

## 7.315: Form W-4, Employee's Withholding Certificate

Form W-4, "Employee's Withholding Certificate," (Exhibit 7-C) must be completed by each employee, full-time and part-time. It reports the employee's name, address and social security number (SSN). It is the basis for determining the amount of income tax withheld. For regular wages, income tax withholding is based on the employee's marital status plus any increases or decreases to standard withholding as requested by the employee. The employee can complete the form using the W-4 form worksheets or the IRS Withholding Calculator, at *irs.gov/W4App*. Employees should consider using the calculator for special tax situations such as a working spouse, more than one job or a large amount of non-wage income. If the calculator is used, there is no need to use the W-4 worksheets. If the employee does not provide a completed Form W-4, the employer must withhold federal income tax as if the worker were single with no withholding allowance.

The form remains valid until a new one is furnished by the employee. The employee is required to file a new Form W-4 when changes to a personal or financial situation would change the entries on the form.

It is necessary to report the correct names and SSNs on W-2 wage reports. The Social Security Administration provides an online service to verify that employee names and SSN's match. Go to *ssa.gov/employer/ssnv.htm* for information on this service.

*(Go to page 7-9)*

## EXHIBIT 7-A

# INDIVIDUAL PAYROLL RECORD

Year 20XX

Employee Name Mary Kelly — Social Security No. 342-02-1234 — Marital Status M — Exemption Allowance(s) 1

Address 789 Main St. — Position Secretary — Exempt from federal income tax withholding? Yes ____ No X

St. Louis Mo 63122 — Phone No. 314-826-1000 — Rate: Hourly $____ Weekly $____ Monthly $ 800.00

| Period Ending | Basic Salary | Housing Allowance | Auto Allowance | Christmas Gift | Total Earnings | Federal Withheld | Social Security Tax | Medicare Tax | State Withheld | Other | Advance | Net Paid | Check No. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1-31-XX | 800.00 | | | | 800.00 | 60.00 | 49.60 | 11.60 | 21.00 | 2.80 | | 655.00 | 106 |
| 2-28-XX | 800.00 | | | | 800.00 | 60.00 | 49.60 | 11.60 | 21.00 | 2.80 | | 655.00 | 124 |
| 3-31-XX | 800.00 | | | | 800.00 | 60.00 | 49.60 | 11.60 | 21.00 | 2.80 | | 655.00 | 147 |
| Total First Quarter | 2400.00 | | | | 2400.00 | 180.00 | 148.80 | 34.80 | 63.00 | 8.40 | | 1965.00 | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| 4-30-XX | 800.00 | | | | 800.00 | 60.00 | 49.60 | 11.60 | 21.00 | 2.80 | | 655.00 | 167 |
| 5-31-XX | 800.00 | | | | 800.00 | 60.00 | 49.60 | 11.60 | 21.00 | 2.80 | | 655.00 | 191 |
| 6-30-XX | 800.00 | | | | 800.00 | 60.00 | 49.60 | 11.60 | 21.00 | 2.80 | | 655.00 | 214 |
| Total 2nd Quarter | 2400.00 | | | | 2400.00 | 180.00 | 148.80 | 34.80 | 63.00 | 8.40 | | 1965.00 | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| 7-31-XX | 800.00 | | | | 800.00 | 60.00 | 49.60 | 11.60 | 21.00 | 2.80 | | 655.00 | 235 |
| 8-31-XX | 800.00 | | | | 800.00 | 60.00 | 49.60 | 11.60 | 21.00 | 2.80 | | 655.00 | 246 |
| 9-30-XX | 800.00 | | | | 800.00 | 60.00 | 49.60 | 11.60 | 21.00 | 2.80 | | 655.00 | 253 |
| Total 3rd Quarter | 2400.00 | | | | 2400.00 | 180.00 | 148.80 | 34.80 | 63.00 | 8.40 | | 1965.00 | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| 10-31-XX | 800.00 | | | | 800.00 | 60.00 | 49.60 | 11.60 | 21.00 | 2.80 | | 655.00 | 308 |
| 11-30-XX | 800.00 | | | | 800.00 | 60.00 | 49.60 | 11.60 | 21.00 | 2.80 | | 655.00 | 329 |
| 12-20-XX | | | | 50.00 | 50.00 | | 3.10 | .73 | | | | 46.17 | 342 |
| 12-31-XX | 800.00 | | | | 800.00 | 60.00 | 49.60 | 11.60 | 21.00 | 2.80 | | 655.00 | 349 |
| Total 4th Quarter | 2400.00 | | | 50.00 | 2450.00 | 180.00 | 151.90 | 35.53 | 63.00 | 8.40 | | 2011.17 | |
| | | | | | | | | | | | | | |
| | | | | | | | | | | | | | |
| Annual Totals | 9600.00 | | | 50.00 | 9650.00 | 720.00 | 598.30 | 139.93 | 252.00 | 33.60 | | 7906.17 | |
| | | | | | | | | | | | | | |

Form **SS-4**
(Rev. December 2019)
Department of the Treasury
Internal Revenue Service

# Application for Employer Identification Number

**(For use by employers, corporations, partnerships, trusts, estates, churches, government agencies, Indian tribal entities, certain individuals, and others.)**
**▶ Go to *www.irs.gov/FormSS4* for instructions and the latest information.**
**▶ See separate instructions for each line. ▶ Keep a copy for your records.**

OMB No. 1545-0003

**EIN**

**Type or print clearly.**

**1** Legal name of entity (or individual) for whom the EIN is being requested

**2** Trade name of business (if different from name on line 1)
**3** Executor, administrator, trustee, "care of" name

**4a** Mailing address (room, apt., suite no. and street, or P.O. box)
**5a** Street address (if different) (Don't enter a P.O. box.)

**4b** City, state, and ZIP code (if foreign, see instructions)
**5b** City, state, and ZIP code (if foreign, see instructions)

**6** County and state where principal business is located

**7a** Name of responsible party
**7b** SSN, ITIN, or EIN

**8a** Is this application for a limited liability company (LLC) (or a foreign equivalent)? . . . . . . . . ☐ Yes ☐ No

**8b** If 8a is "Yes," enter the number of LLC members . . . . . . ▶

**8c** If 8a is "Yes," was the LLC organized in the United States? . . . . . . . . . . . . . . . . . . . . . ☐ Yes ☐ No

**9a** **Type of entity** (check only one box). **Caution:** If 8a is "Yes," see the instructions for the correct box to check.

- ☐ Sole proprietor (SSN) ____________
- ☐ Partnership
- ☐ Corporation (enter form number to be filed) ▶ ____________
- ☐ Personal service corporation
- ☐ Church or church-controlled organization
- ☐ Other nonprofit organization (specify) ▶ ____________
- ☐ Other (specify) ▶
- ☐ Estate (SSN of decedent) ____________
- ☐ Plan administrator (TIN) ____________
- ☐ Trust (TIN of grantor) ____________
- ☐ Military/National Guard
- ☐ State/local government
- ☐ Farmers' cooperative
- ☐ Federal government
- ☐ REMIC
- ☐ Indian tribal governments/enterprises

Group Exemption Number (GEN) if any ▶

**9b** If a corporation, name the state or foreign country (if applicable) where incorporated | State | Foreign country

**10** **Reason for applying** (check only one box)

- ☐ Started new business (specify type) ▶ ____________
- ☐ Hired employees (Check the box and see line 13.)
- ☐ Compliance with IRS withholding regulations
- ☐ Other (specify) ▶
- ☐ Banking purpose (specify purpose) ▶ ____________
- ☐ Changed type of organization (specify new type) ▶ ____________
- ☐ Purchased going business
- ☐ Created a trust (specify type) ▶ ____________
- ☐ Created a pension plan (specify type) ▶ ____________

**11** Date business started or acquired (month, day, year). See instructions.

**12** Closing month of accounting year

**13** Highest number of employees expected in the next 12 months (enter -0- if none). If no employees expected, skip line 14.

| Agricultural | Household | Other |
|---|---|---|
| | | |

**14** If you expect your employment tax liability to be $1,000 or less in a full calendar year **and** want to file Form 944 annually instead of Forms 941 quarterly, check here. (Your employment tax liability generally will be $1,000 or less if you expect to pay $5,000 or less in total wages.) If you don't check this box, you must file Form 941 for every quarter. ☐

**15** First date wages or annuities were paid (month, day, year). **Note:** If applicant is a withholding agent, enter date income will first be paid to nonresident alien (month, day, year) . . . . . . . . . . . . . . . . . . ▶

**16** Check **one** box that best describes the principal activity of your business.

- ☐ Health care & social assistance
- ☐ Wholesale-agent/broker
- ☐ Construction
- ☐ Rental & leasing
- ☐ Transportation & warehousing
- ☐ Accommodation & food service
- ☐ Wholesale-other
- ☐ Retail
- ☐ Real estate
- ☐ Manufacturing
- ☐ Finance & insurance
- ☐ Other (specify) ▶

**17** Indicate principal line of merchandise sold, specific construction work done, products produced, or services provided.

**18** Has the applicant entity shown on line 1 ever applied for and received an EIN? ☐ Yes ☐ No
If "Yes," write previous EIN here ▶

**Third Party Designee**

Complete this section **only** if you want to authorize the named individual to receive the entity's EIN and answer questions about the completion of this form.

Designee's name | Designee's telephone number (include area code)

Address and ZIP code | Designee's fax number (include area code)

Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete.

Applicant's telephone number (include area code)

Name and title (type or print clearly) ▶

Applicant's fax number (include area code)

Signature ▶ Date ▶

**For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.** Cat. No. 16055N Form **SS-4** (Rev. 12-2019)

## EXHIBIT 7-B

All Form W-4s are to be retained by the employer.

The "minister of the Gospel" may also complete the form but should note that no taxes are to be withheld pursuant to Section 3401(a)(9) of the Internal Revenue Code that specifically exempts the minister's wages from income tax withholding. If the minister elects to have income tax withheld (see 1.350), he/she must complete the form as instructed with additional amounts to be deducted for self-employment tax. If voluntary withholding is requested, both the employee and employer must sign Form W-4.

Additional withholding forms may be required in some states. Contact your LCMS district office for clarification.

## 7.316: Disposal of Consumer Reports

The Federal Trade Commission requires employers to dispose of their consumer reports in any such manner that discourages or impedes identity theft. Credit checks, criminal records, and references that are often gathered in hiring employees are all examples of consumer reports under this rule. It is recommended to destroy these document types by shredding, burning or pulverizing. Simply throwing them into a trash can is prohibited. Before you dispose of a computer containing similar information, use a wipe utility program to overwrite the entire hard drive. For more detailed information, go to the FTC website at *ftc.gov*.

## 7.317: New Hire Reporting

Employers are required to report any new employee to their state New Hire Reporting Agency. Requirements and due dates for reporting varies by individual state. You should consult with your individual state for applicable requirements. (See also 12.700.)

Form **W-4**

Department of the Treasury
Internal Revenue Service

**Employee's Withholding Certificate**

**► Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay.**
**► Give Form W-4 to your employer.**
**► Your withholding is subject to review by the IRS.**

OMB No. 1545-0074

**2022**

**Step 1: Enter Personal Information**

(a) First name and middle initial | Last name | (b) **Social security number**

Address

City or town, state, and ZIP code

**► Does your name match the name on your social security card?** If not, to ensure you get credit for your earnings, contact SSA at 800-772-1213 or go to *www.ssa.gov*.

(c) ☐ **Single** or **Married filing separately**
☐ **Married filing jointly** or **Qualifying widow(er)**
☐ **Head of household** (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)

**Complete Steps 2–4 ONLY if they apply to you; otherwise, skip to Step 5.** See page 2 for more information on each step, who can claim exemption from withholding, when to use the estimator at *www.irs.gov/W4App*, and privacy.

**Step 2: Multiple Jobs or Spouse Works**

Complete this step if you (1) hold more than one job at a time, or (2) are married filing jointly and your spouse also works. The correct amount of withholding depends on income earned from all of these jobs.

Do **only one** of the following.

**(a)** Use the estimator at *www.irs.gov/W4App* for most accurate withholding for this step (and Steps 3–4); **or**

**(b)** Use the Multiple Jobs Worksheet on page 3 and enter the result in Step 4(c) below for roughly accurate withholding; **or**

**(c)** If there are only two jobs total, you may check this box. Do the same on Form W-4 for the other job. This option is accurate for jobs with similar pay; otherwise, more tax than necessary may be withheld . . ► ☐

**TIP:** To be accurate, submit a 2022 Form W-4 for all other jobs. If you (or your spouse) have self-employment income, including as an independent contractor, use the estimator.

**Complete Steps 3–4(b) on Form W-4 for only ONE of these jobs.** Leave those steps blank for the other jobs. (Your withholding will be most accurate if you complete Steps 3–4(b) on the Form W-4 for the highest paying job.)

**Step 3: Claim Dependents**

If your total income will be $200,000 or less ($400,000 or less if married filing jointly):

Multiply the number of qualifying children under age 17 by $2,000 ► $

Multiply the number of other dependents by $500 . . . . ► $

Add the amounts above and enter the total here . . . . . . . . . . . . . **3** $

**Step 4 (optional): Other Adjustments**

**(a) Other income (not from jobs).** If you want tax withheld for other income you expect this year that won't have withholding, enter the amount of other income here. This may include interest, dividends, and retirement income . . . . . . . . **4(a)** $

**(b) Deductions.** If you expect to claim deductions other than the standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here . . . . . . . . . . . . . . . . . . . . . . . . **4(b)** $

**(c) Extra withholding.** Enter any additional tax you want withheld each **pay period** . . **4(c)** $

**Step 5: Sign Here**

Under penalties of perjury, I declare that this certificate, to the best of my knowledge and belief, is true, correct, and complete.

**Employee's signature** (This form is not valid unless you sign it.) | **Date**

**Employers Only**

Employer's name and address | First date of employment | Employer identification number (EIN)

**For Privacy Act and Paperwork Reduction Act Notice, see page 3.** Cat. No. 10220Q Form **W-4** (2022)

**EXHIBIT 7-C**

## 7.318: Form I-9, Employment Eligibility Verification

Because of the Immigration Reform and Control Act (ACT) of 1986, all U.S. employers must complete and retain Form I-9, "Employment Eligibility Verification," (Exhibit 7-D) for each employee hired, including a minister of religion — ordained or commissioned, even if the employer is absolutely certain the employee is a U.S. citizen. Churches and schools are not exempt from this Act.

To understand the Act and complete the form, the church should obtain Form M-274, the "Handbook for Employers" from U.S. Citizenship and Immigration Services. By phone, call 800-375-5283; by internet, go to uscis.gov. Form I-9 contains two parts: (1) employee information and verification, and (2) employer review and verification. The second part requires that the employer examine original documents of the employee. These documents include in part: a United States passport, a state-issued driver's license, a U.S. military card, social security number card or birth certificate.

The form must be retained by the employer for at least three years after hiring or one year after the date of employee termination, whichever is later.

**Note: Payments to non-U.S. citizens can be subject to an entirely different set of reporting and withholding rules that make up a tax system completely separate from the U.S. Tax System. Failing to report or withhold correctly may cost you severely in penalties. In determining how to tax any non-U.S. citizen, you must first decide whether the recipient is classified as a U.S. "resident" alien or a "nonresident" alien. For more information about the classification, reporting and withholding rules applicable to nonresident aliens, obtain Publication 515 from IRS.**

**Employment Eligibility Verification**
**Department of Homeland Security**
U.S. Citizenship and Immigration Services

**USCIS**
**Form I-9**
OMB No. 1615-0047
Expires 10/31/2022

►**START HERE: Read instructions carefully before completing this form. The instructions must be available, either in paper or electronically, during completion of this form. Employers are liable for errors in the completion of this form.**

**ANTI-DISCRIMINATION NOTICE:** It is illegal to discriminate against work-authorized individuals. Employers **CANNOT** specify which document(s) an employee may present to establish employment authorization and identity. The refusal to hire or continue to employ an individual because the documentation presented has a future expiration date may also constitute illegal discrimination.

**Section 1. Employee Information and Attestation** *(Employees must complete and sign Section 1 of Form I-9 no later than the* ***first day of employment****, but not before accepting a job offer.)*

| Last Name *(Family Name)* | First Name *(Given Name)* | Middle Initial | Other Last Names Used *(if any)* |
|---|---|---|---|
| | | | |

| Address *(Street Number and Name)* | Apt. Number | City or Town | State | ZIP Code |
|---|---|---|---|---|
| | | | | |

| Date of Birth *(mm/dd/yyyy)* | U.S. Social Security Number | Employee's E-mail Address | Employee's Telephone Number |
|---|---|---|---|
| | - - | | |

**I am aware that federal law provides for imprisonment and/or fines for false statements or use of false documents in connection with the completion of this form.**

**I attest, under penalty of perjury, that I am (check one of the following boxes):**

☐ 1. A citizen of the United States
☐ 2. A noncitizen national of the United States *(See instructions)*
☐ 3. A lawful permanent resident (Alien Registration Number/USCIS Number): ____
☐ 4. An alien authorized to work until (expiration date, if applicable, mm/dd/yyyy): ____
Some aliens may write "N/A" in the expiration date field. *(See instructions)*

*Aliens authorized to work must provide only one of the following document numbers to complete Form I-9: An Alien Registration Number/USCIS Number OR Form I-94 Admission Number OR Foreign Passport Number.*

**1.** Alien Registration Number/USCIS Number: ____
**OR**
**2.** Form I-94 Admission Number: ____
**OR**
**3.** Foreign Passport Number: ____
Country of Issuance: ____

QR Code - Section 1
Do Not Write In This Space

| Signature of Employee | Today's Date *(mm/dd/yyyy)* |
|---|---|
| Eunice Kramer | |

**Preparer and/or Translator Certification (check one):**
☐ I did not use a preparer or translator. ☐ A preparer(s) and/or translator(s) assisted the employee in completing Section 1.
*(Fields below must be completed and signed when preparers and/or translators assist an employee in completing Section 1.)*

**I attest, under penalty of perjury, that I have assisted in the completion of Section 1 of this form and that to the best of my knowledge the information is true and correct.**

| Signature of Preparer or Translator | Today's Date *(mm/dd/yyyy)* |
|---|---|
| | |

| Last Name *(Family Name)* | First Name *(Given Name)* |
|---|---|
| | |

| Address *(Street Number and Name)* | City or Town | State | ZIP Code |
|---|---|---|---|
| | | | |

STOP *Employer Completes Next Page* STOP

Form I-9 10/21/2019 Page 1 of 3

**EXHIBIT 7-D(1)**

**Employment Eligibility Verification**
**Department of Homeland Security**
U.S. Citizenship and Immigration Services

**USCIS**
**Form I-9**
OMB No. 1615-0047
Expires 10/31/2022

## Section 2. Employer or Authorized Representative Review and Verification

*(Employers or their authorized representative must complete and sign Section 2 within 3 business days of the employee's first day of employment. You must physically examine one document from List A OR a combination of one document from List B and one document from List C as listed on the "Lists of Acceptable Documents.")*

| **Employee Info from Section 1** | Last Name *(Family Name)* | First Name *(Given Name)* | M.I. | Citizenship/Immigration Status |
|---|---|---|---|---|
| | | | | |

| **List A** Identity and Employment Authorization | **OR** | **List B** Identity | **AND** | **List C** Employment Authorization |
|---|---|---|---|---|
| Document Title | | Document Title | | Document Title |
| Issuing Authority | | Issuing Authority | | Issuing Authority |
| Document Number | | Document Number | | Document Number |
| Expiration Date *(if any) (mm/dd/yyyy)* | | Expiration Date *(if any) (mm/dd/yyyy)* | | Expiration Date *(if any) (mm/dd/yyyy)* |
| Document Title | | Additional Information | | QR Code - Sections 2 & 3 Do Not Write In This Space |
| Issuing Authority | | | | |
| Document Number | | | | |
| Expiration Date *(if any) (mm/dd/yyyy)* | | | | |
| Document Title | | | | |
| Issuing Authority | | | | |
| Document Number | | | | |
| Expiration Date *(if any) (mm/dd/yyyy)* | | | | |

**Certification: I attest, under penalty of perjury, that (1) I have examined the document(s) presented by the above-named employee, (2) the above-listed document(s) appear to be genuine and to relate to the employee named, and (3) to the best of my knowledge the employee is authorized to work in the United States.**

**The employee's first day of employment *(mm/dd/yyyy)*:** ________________ ***(See instructions for exemptions)***

| Signature of Employer or Authorized Representative | Today's Date *(mm/dd/yyyy)* | Title of Employer or Authorized Representative |
|---|---|---|

| Last Name of Employer or Authorized Representative | First Name of Employer or Authorized Representative | Employer's Business or Organization Name |
|---|---|---|

| Employer's Business or Organization Address (*Street Number and Name*) | City or Town | State | ZIP Code |
|---|---|---|---|

## Section 3. Reverification and Rehires *(To be completed and signed by employer or authorized representative.)*

| **A.** New Name *(if applicable)* | | | **B.** Date of Rehire *(if applicable)* |
|---|---|---|---|
| Last Name *(Family Name)* | First Name *(Given Name)* | Middle Initial | Date *(mm/dd/yyyy)* |

**C.** If the employee's previous grant of employment authorization has expired, provide the information for the document or receipt that establishes continuing employment authorization in the space provided below.

| Document Title | Document Number | Expiration Date *(if any) (mm/dd/yyyy)* |
|---|---|---|

**I attest, under penalty of perjury, that to the best of my knowledge, this employee is authorized to work in the United States, and if the employee presented document(s), the document(s) I have examined appear to be genuine and to relate to the individual.**

| Signature of Employer or Authorized Representative | Today's Date *(mm/dd/yyyy)* | Name of Employer or Authorized Representative |
|---|---|---|

Form I-9 10/21/2019 Page 2 of 3

**EXHIBIT 7-D(2)**

## LISTS OF ACCEPTABLE DOCUMENTS
## All documents must be UNEXPIRED

Employees may present one selection from List A
or a combination of one selection from List B and one selection from List C.

| **LIST A**<br>**Documents that Establish Both Identity and Employment Authorization** | OR | **LIST B**<br>**Documents that Establish Identity** | AND | **LIST C**<br>**Documents that Establish Employment Authorization** |
|---|---|---|---|---|
| **1.** U.S. Passport or U.S. Passport Card | | **1.** Driver's license or ID card issued by a State or outlying possession of the United States provided it contains a photograph or information such as name, date of birth, gender, height, eye color, and address | | **1.** A Social Security Account Number card, unless the card includes one of the following restrictions:<br>(1) NOT VALID FOR EMPLOYMENT<br>(2) VALID FOR WORK ONLY WITH INS AUTHORIZATION<br>(3) VALID FOR WORK ONLY WITH DHS AUTHORIZATION |
| **2.** Permanent Resident Card or Alien Registration Receipt Card (Form I-551) | | **2.** ID card issued by federal, state or local government agencies or entities, provided it contains a photograph or information such as name, date of birth, gender, height, eye color, and address | | **2.** Certification of report of birth issued by the Department of State (Forms DS-1350, FS-545, FS-240) |
| **3.** Foreign passport that contains a temporary I-551 stamp or temporary I-551 printed notation on a machine-readable immigrant visa | | **3.** School ID card with a photograph | | **3.** Original or certified copy of birth certificate issued by a State, county, municipal authority, or territory of the United States bearing an official seal |
| **4.** Employment Authorization Document that contains a photograph (Form I-766) | | **4.** Voter's registration card | | **4.** Native American tribal document |
| **5.** For a nonimmigrant alien authorized to work for a specific employer because of his or her status:<br>**a.** Foreign passport; and<br>**b.** Form I-94 or Form I-94A that has the following:<br>(1) The same name as the passport; and<br>(2) An endorsement of the alien's nonimmigrant status as long as that period of endorsement has not yet expired and the proposed employment is not in conflict with any restrictions or limitations identified on the form. | | **5.** U.S. Military card or draft record | | **5.** U.S. Citizen ID Card (Form I-197) |
| **6.** Passport from the Federated States of Micronesia (FSM) or the Republic of the Marshall Islands (RMI) with Form I-94 or Form I-94A indicating nonimmigrant admission under the Compact of Free Association Between the United States and the FSM or RMI | | **6.** Military dependent's ID card | | **6.** Identification Card for Use of Resident Citizen in the United States (Form I-179) |
| | | **7.** U.S. Coast Guard Merchant Mariner Card | | **7.** Employment authorization document issued by the Department of Homeland Security |
| | | **8.** Native American tribal document | | |
| | | **9.** Driver's license issued by a Canadian government authority | | |
| | | **For persons under age 18 who are unable to present a document listed above:** | | |
| | | **10.** School record or report card | | |
| | | **11.** Clinic, doctor, or hospital record | | |
| | | **12.** Day-care or nursery school record | | |

**Examples of many of these documents appear in Part 13 of the Handbook for Employers (M-274).**

**Refer to the instructions for more information about acceptable receipts.**

Form I-9 07/17/17 N

Page 3 of 3

**EXHIBIT 7-D(3)**

## 7.320:
## Payroll Authorization Form

A payroll authorization form (Exhibit 7-E) should be completed each time a new employee is added or deleted from the payroll or any other payroll revision is made.

The authorization form is to be completed by a congregational officer *(president, treasurer, etc.)* after the voters' assembly or appropriate board or committee has approved a payroll revision.

## 7.325:
## Payroll Check

The stub of the payroll check or an attached schedule must contain all payroll and withholding information (see Exhibit 7-F). It is helpful to include year-to-date payroll information.

## 7.330:
## Payroll Records

Accurate records that record each payroll check, wages and all taxes withheld with quarterly and annual totals must be kept (see Exhibit 7-G). An individual ledger sheet should be maintained for each employee.

## 7.334:
## Overtime Pay

The Fair Labor Standards Act (FLSA) requires that overtime be paid at a rate of not less than one and one-half times an employee's regular rate of pay for each hour that an employee works in excess of 40 hours in a single workweek. It may begin on any day of the week and at any hour of the day.

Contrary to popular belief, comp time does not exist as an alternative to paying overtime. Time off cannot be banked or accrued beyond the workweek in which the worker works overtime. It is permissible, however, to offer "time off" in lieu of the overtime pay if the time-off is used within the same workweek. Generally, employers who offer this "time off" administer it on an hour-for- hour basis.

There exist certain exemptions from the minimum wage and overtime requirements. The most used are the executive, administrative and professional exemptions. These are often called the "white collar exemptions." To be exempt, employees must be paid on a salary basis, paid at the required salary level of at least $684 per week (the equivalent of $35,568 per year). To be paid on a salary basis means that the employee's compensation is not subject to reduction based on the quality or quantity of work. In addition to meeting the salary test and being paid on a salary basis, the employee is exempt only if he or she meets a "duties test." The "duties test" varies depending upon the particular exemption. An employee whose duty requires advanced knowledge beyond high school level and is customarily acquired by a prolonged course of specialized intellectual instruction may meet the duty requirement for the learned or creative professional.

An employee whose primary duty is to manage or direct operations and supervise at least two full-time employees or their equivalent (one full-time and two half-time employees) may qualify under the executive exemption. An employee whose primary duty is the performance of office or non-manual work directly related to the management or general business operations, which include the exercise of discretion and independent judgment with respect to matters of significance, may qualify under the administrative exemption. Whether or not an individual qualifies under an exemption is not decided based on one's job title but rather on the employee's actual job duties. Go to the website of the Department of Labor at *dol.gov* for more information.

Pastors, DCEs, DCOs (including interns) and vicars who meet the required salary and duties tests are not subject to overtime pay or would likely be exempt on other grounds.

Doctors, lawyers and teachers are generally exempt regardless of their pay because minimum salary requirements do not apply to them. However, to be exempt, a teacher's primary duty must be teaching, tutoring, instructing or lecturing in an educational institution. Preschool teachers whose primary duty is to care for the physical needs of children ordinarily would not meet the teacher exemption.

The ministerial exception may provide another avenue to assert that the FLSA does not apply to certain positions. Ordained ministers and most (if not all) commissioned ministers should fall within the ministerial exception. Potentially other positions, such as teachers or music directors, may also be subject to the ministerial exception. Each position and its particular duties must be reviewed before assuming the ministerial exception applies. Legal counsel should be sought to determine whether the ministerial exemption is applicable.

Any uncertainty about an individual's employment status (exempt or non-exempt) should be resolved with the assistance of legal counsel.

Finally, be aware that some states may have stricter standards with respect to these rules. Where federal and state law differs, the higher standard applies. If in doubt, contact your congregation's district office for more information or your own state's department of labor office.

## 7.335:
## Minimum Wage

The federal minimum wage rate is currently $7.25 per hour. Most employers *(including churches, schools, preschools and early childhood centers)* must pay their non-exempt employees at least the minimum wage.

Although the standard is fixed on an hourly basis, employers may pay workers a salary on a monthly basis, by piecework or any other basis as long as the minimum wage is met.

The minimum wage requirement is met if each workweek, the straight-time wages paid *(or accrued to be paid)* is equal to the number of hours worked multiplied by the minimum wage rate. Wage payments in any medium other than cash are also allowed as long as its fair market value

*(Go to page 7-15.)*

## PAYROLL AUTHORIZATION FORM

NEW EMPLOYEE [X] REVISION [ ] REMOVAL [ ] EFFECTIVE DATE 2/1/XX

NAME Mary A. Kelly DATE OF BIRTH 6/26/45

SSN 342-02-1234 MARITAL STATUS M EXEMPTIONS FED:1 STATE: 1 LOC: 0

POSITION Secretary DATE OF HIRE ______ DATE OF CHURCH COUNCIL ACTION ______

STATUS FULL TIME [X] PART TIME [ ] NO. OF MONTHS/YEAR 12

MINISTER OF THE GOSPEL? YES [ ] NO [X] HOURS/WEEK 40

| REMUNERATION | PER PAY PERIOD | ANNUALLY |
|---|---|---|
| SALARY | $ 800.00 | $ 9,600.00 |
| HOUSING ALLOWANCE | | |
| OTHER | | |
| TSA | | |
| TOTAL | $ 800.00 | $ 9,600.00 |

**RATE:** HOURLY $______ WEEKLY $______ MONTHLY $______

**AUTO EXPENSES** REIMBURSE 57.5¢ CENTS PER MILE —No— MONTHLY ALLOWANCE

**DEDUCTIONS PER PAY PERIOD** (YES, NO OR AMOUNT)

| | | | |
|---|---|---|---|
| FEDERAL INCOME TAX | yes | TSA | no |
| SOCIAL SECURITY TAX | yes | All-Cause Accident | yes |
| MEDICARE TAX | yes | Local Income Tax | no |
| STATE INCOME TAX | yes | | |

**CONCORDIA PLANS OR OTHER HEALTH PLANS**

ELIGIBLE YES [X] NO [ ]

BASIS: RETIREMENT FULL [ ] REGULAR [X]

HEALTH COVERAGE OPTION: (FILL IN)______

SURVIVOR/DISABILITY FULL [ ] REGULAR [X]

ENROLLED IN ALL-CAUSE ACCIDENT YES [X] NO [ ]

**FORMS COMPLETED**

| | YES | NO |
|---|---|---|
| CONCORDIA PLAN SERVICES ENROLLMENT FORMS | X | |
| W-4 WITHHOLDING ALLOWANCE CERTIFICATES | X | |
| I-9 EMPLOY. ELIGIBILITY VERIFICATION | X | |
| NEW HIRE REPORTING | X | |
| STATEMENT TO EMPLOYEE THAT NO UNEMPLOYMENT INSURANCE IS AVAILABLE | X | |
| OTHER | | |

**PERMANENT MAILING ADDRESS**

789 Main Street
STREET

St. Louis, MO 63xxx
CITY/STATE ZIP

(314) 826-1xxx
TELEPHONE

**IN CASE OF EMERGENCY**

same
STREET

same
CITY/STATE ZIP

(314) 865-02xx (work no.)
TELEPHONE

**COMPLETED BY:**

Eunice Kramer
SIGNED

Treasurer 2-1-XX
TITLE DATE

**APPROVED BY:**

William Schwartz
SIGNED

President 2-1-XX
TITLE DATE

**EXHIBIT 7-E**

to the employee meets the minimum wage requirements.

In lieu of the minimum wage, an employer may temporarily pay an employee under age 20 a training or "opportunity" wage. This special wage cannot be less than $4.25 per hour during the worker's first 90 consecutive calendar days of employment. However, an employer is prohibited from hiring employees at the opportunity wage for the sole purpose of reducing the hours or employment benefits of its workforce.

Minimum wage standards do not apply to exempt employees. An exempt employee is any individual employed in an executive, administrative or professional capacity if certain income tests are met *(see 7.334)*.

Finally, be aware that many states and cities have adopted wage standards higher than the federal minimum. If in doubt, contact your congregation's district office for more information or your own state and local department of labor offices.

*(Go to page 7-17.)*

FIRST LUTHERAN CHURCH 2743 Concordia Drive, St. Louis, Missouri 63122 0349

| Date | Invoice Number and Description | | | | Account No. | √ | Amount |
|---|---|---|---|---|---|---|---|
| 12/31/xx | December 19xx Payroll | | Current Amount | YTD | | | |
| | Gross Salary | | $800.00 | $9,600.00 | 2015 | | $701.17 |
| | Christmas Bonus | | $50.00 | 50.00 | 2021 | | |
| | Less: | Federal W/H | (60.00) | (720.00) | 2022 | | |
| | | Social Sec W/H | (52.70) | (598.30) | 2023 | | |
| | | Medicare W/H | (12.33) | (139.93) | 2024 | | |
| | | State W/H | (21.00) | (252.00) | | | |
| | | Other | (2.80) | (33.60) | | | |
| | | Net Pay | $701.17 | $7,906.17 | | | |

ATTACHED IS OUR CHECK IN PAYMENT OF THE ITEMS SHOWN ABOVE.

FIRST LUTHERAN CHURCH
2743 Concordia Drive, St. Louis, Missouri 63122

NO. 0 3 4 9

FIRST NATIONAL BANK OF
ST. LOUIS, MISSOURI

24-12/1230

PLEASE DETACH BEFORE DEPOSITING

December 31 20 xx

VOID AFTER 90 DAYS

THE SUM OF $701 dollars 17 cents DOLLARS $ $701.17

TO THE ORDER OF MARY KELLY

FIRST LUTHERAN CHURCH

|A 051705| |C A 1 2 3 0 0 0 1 2 3A 104 000011 6| |

**EXHIBIT 7-F**

# CONGREGATIONAL PAYROLL INFORMATION

| POSITION NAME | PAYROLL PERIOD | PER PAY PERIOD Gross Salary | Housing Allowance | Net Salary | Other | TSA | MARITAL STATUS | NO. OF EXEMP. | PER PAY PERIOD Federal WIH | State WIH | (6.20%) FICA | (1.45) Medicare | Other | NET PAY |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Pastor/Schmidt | monthly | 2,350.00 | 800.00 | 1,550.00 | | 100.00 | M | 3 | -0- | -0- | -0- | -0- | 2.80 | 2247.20 |
| " | Group term life insurance | | | | 196.76* | | | | | | | | | 196.76 |
| Secretary/ Mary Kelly | monthly | 800.00 | | 800.00 | | | M** | 1 | 60.00 | 21.00 | 49.60 | 11.60 | 2.80 | 655.00 |
| " " | X-mas bonus | | | | 50.00* | | | | | | 3.10 | .73 | | 46.17 |
| Janitor/ Harry Plumber | monthly | 250.00 | | 250.00 | | | M | 2 | -0- | -0- | 15.50 | 3.63 | 3.50 | 227.37 |
| Organist/ Ann Rodgers | monthly | 300.00 | | 300.00 | | | S | 1 | -0- | -0- | 18.60 | 4.35 | 2.80 | 274.25 |
| Teacher*** Irene Braun | monthly | 1600.00 | 525.00 | 1075.00 | | | S | 2 | 310.80 | 19.00 | -0- | -0- | 3.50 | 1266.70 |

*only included in month paid.
** married, but withholding at the higher single rate.
*** Commissioned minister with voluntary withholding for tax & social security, all paid as federal W/H.

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Monthly Totals | 5,300.00 | 1,325.00 | 3975.00 | 246.76 | 100.00 | 370.80 | 40.00 | 86.80 | 20.31 | 15.40 | 4913.45 |
| Quarterly Totals | 15,900.00 | 3,975.00 | 11,925.00 | 246.76 | 300.00 | 1112.40 | 120.00 | 254.20 | 59.47 | 46.20 | 14254.49 |
| Annual Totals | 63,600.00 | 15,900.00 | 47,700.00 | 246.76 | 1,200.00 | 4449.60 | 480.00 | 1007.50 | 235.69 | 184.80 | 56289.17 |

**EXHIBIT 7-G**

## 7.336:
## Labor Law Posters

The Department of Labor (DOL) requires that certain notices be posted in the workplace. Posting requirements vary by statute; that is, not all employers are covered by each of DOL's statutes and thus may not be required to post a specific notice. For example, every employer of employees subject to the Fair Labor Standards Act's (FLSA) minimum wage law and OSHA provisions must post, and keep posted, notices explaining these Acts in a conspicuous place in all of their establishments so as to permit employees to readily read it; but if the employer is considered a small business, it may not be covered by the Family and Medical Leave Act and thus would not be subject to posting notices related to those statutes. Your posted notice, if any, may be modified to explain that the FLSA minimum wage and overtime pay requirements do not apply to ministers.

Another poster required to hang in a prominent location for employees to read is one explaining that it is generally unlawful for an employer to require its employees or job applicant to take a polygraph test.

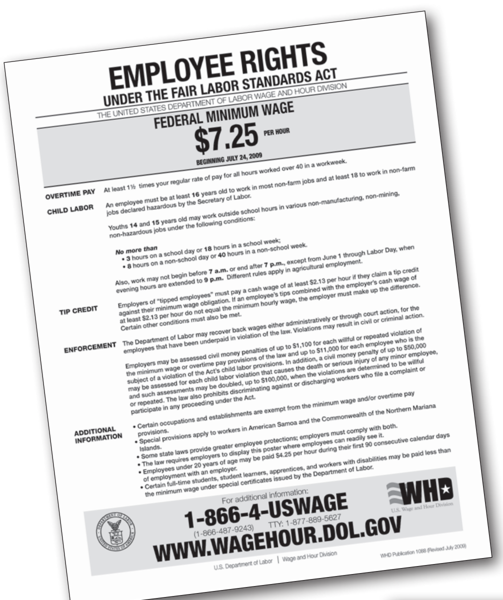
A notice that employment discrimination is prohibited must also be displayed. However, it may be modified appropriately to explain specific exemptions to allow religious employers to discriminate in employment decisions on the basis of religion.

This link *webapps.dol.gov/elaws/posters.htm* to the Department of Labor website (*dol.gov*) provides a survey where you answer questions regarding your church or organization and produces a list of which posters you need to post in your building based on the state your ministry is located as well as links to the posters for you to print for free.

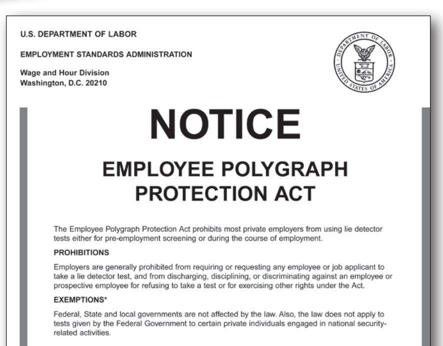
For the number of the Wage and Hour Office closest to you, call the Wage-Hour toll-free help line at 866-4USWAGE (866-487-9243). A customer service representative is available from 8 a.m. to 5 p.m. in your time zone, with referral information.

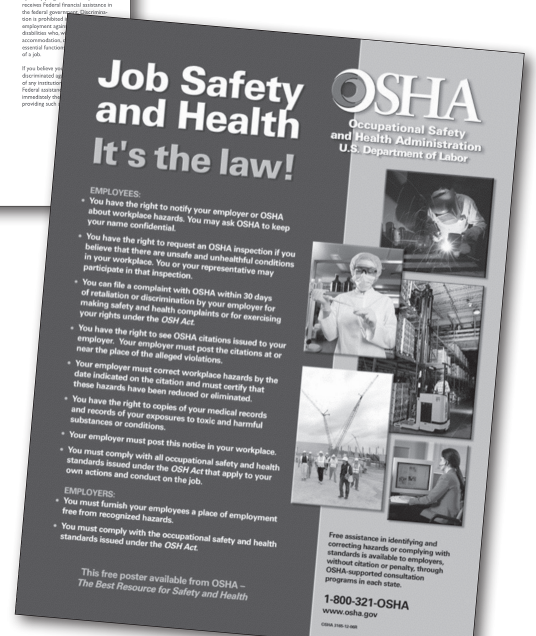
## 7.337:
## Notice Regarding the Rights of Employees Serving in the Armed Forces

A provision that expands the rights and benefits of veterans is one that requires employers to post a notice of affected employees' rights and obligations under the Uniformed Services Employment and Reemployment Rights Act of 1994. The law specifies that this notice requirement may be satisfied by posting a notice where other required notices for employees are customarily posted. To secure a copy of the notice from the website of the Department of Labor, go to *dol.gov*.







## 7.343:
## Social Security/Medicare Tax Rates for Employees/Employers

| Year | Employee Rate | Employer Rate | Total | Wage Base |
|---|---|---|---|---|
| 2022 (S.S.) * | 6.20% | 6.20% | 12.4% | Wages up to $147,000 |
| 2023 (S.S.) * | 6.20% | 6.20% | 12.4% | Not available *(contact local SSA office)* |
| 2021/2022 (Med.) | 1.45% | 1.45% | 2.9% | Wages up to $250,000 for single and joint returns; $125,000 for MFS |
| Additional (Med.) | .9% | 1.45% | 2.35% | Wages above $200,000 for single and joint filers |

* Refer to **IRS Publication 15, "Circular E, Employer's Tax Guide,"** (*irs.gov/publication/p15*) for the current rates and wage base as those shown are only estimates. The IRS mails a "Circular E" to all employers on record at the end of each year. Contact your nearest IRS office if you do not receive your copy prior to the first payroll of the new year.

## 7.344:
## Withholding Taxes on Deceased Worker's Paycheck

A deceased worker's wages paid to the beneficiary or estate in the same calendar year as the worker's death are subject to FICA tax withholding, but not income tax withholding. However, wages are subject to neither FICA tax withholding nor income tax withholding if paid in a subsequent year. For more detailed information about how to report these payments to the IRS, refer to the IRS Instructions for Forms W-2 and 1099-MISC. Wages paid after the year of death are not subject to tax withholding and should be reported only in Box 3 (Other) of Form 1099-MISC in the name of the beneficiary of the payment. The recipient of a deceased worker's net paycheck generally incurs a federal income tax liability based on the gross amount of wages paid (before social security/ Medicare taxes withheld, if any). If he or she does not provide a TIN (SSN if payable to a beneficiary; EIN if to an estate) for reporting purposes, the general backup withholding rules described later in Sec. 7.464 applies to this gross paid amount.

## 7.345:
## Depositing Payroll Taxes

All deposits of income, social security and Medicare taxes withheld and the employer's portion of social security and Medicare tax, may be made electronically under the Electronic Federal Tax Payment System ("EFTPS") or in some cases mailed with your payroll tax liability report.

The frequency of the deposits depends on the amount of taxes the congregation owes for its payroll period. Use the following schedule to determine the deposit due date. It is critical to deposit the taxes by the due date to avoid severe penalties.

| Summary of Deposit Rules for Social Security and Medicare Taxes and Withheld Income Tax (for calendar year 2022) | |
|---|---|
| **Monthly Deposit Rule** | |
| If the total tax reported on Form 941 (or 941-E) for the third and fourth quarters of 2020 and the first and second quarters of 2021 is $50,000 or less: | Then, you are a monthly depositor for the current year (2021). You must deposit employment taxes and taxes withheld on payments made during a calendar month by the 15th day of the following month. |
| **Semi-Weekly Deposit Rule** | |
| If the total tax reported on Form 941 (or 941-E) for the third and fourth quarters of 2020 and the first and second quarters of 2021 is more than $50,000: | Then, you are a semi-weekly depositor for the current year (2021). If you are a semi-weekly depositor, you must deposit on Wednesday and/or Friday depending on what day of the week you make payments as shown below:<br>**Payment Days/Deposit Periods:**<br>Wednesday, Thursday and/or Friday<br>**Deposit by**—Following Wednesday<br>**Payment Days/Deposit Periods:**<br>Saturday, Sunday, Monday and/or Tuesday<br>**Deposit by**—Following Friday<br>Attach Schedule B to Form 941. [Exhibit 7-J(2) pp. 7-22] |

See your current **IRS Publication 15, "Circular E, Employer's Tax Guide,"** for a complete description of the deposit rules.

## 7.346:
## Methods for Depositing Payroll Taxes

**Electronic Federal Tax Payment System**

The Electronic Federal Tax Payment System (EFTPS) is as simple as making a telephone call to your bank authorizing an electronic transfer. Any business, regardless of its size, may deposit its payroll taxes by this method. All employers are required to make their federal tax deposits electronically via the EFTPS. Payroll taxes include withheld FICA and income taxes, as well as the employer's share of FICA taxes. The IRS can impose a 10 percent penalty on businesses failing to deposit electronically when required.

For more information on EFTPS or to get an enrollment form, call EFTPS Customer Service at 800-555- 4477 or 800-945-8400 or visit the website at *eftps.gov.*

**Form 941**

Employers whose quarterly payroll tax liability will not accumulate to $2,500, may pay the full amount to IRS directly when filing a timely Form 941. Payment, Form 941-V Payment Voucher, and tax return should be mailed together.

Employers also may pay the IRS directly when filing a timely Form 941 if their previous quarter's tax liability was less than $2,500 and whose current liability is less than $100,000.

**Form 944**

Some employers have been notified by the IRS to file a Form 944, reporting their payroll tax liability on an annual basis. The amount of annual tax liability ($1,000 or less) that makes an employer eligible for annual filing must not be confused with the $2,500 threshold at which federal tax deposits must be made. See Sec. 7.348 for the eligibility rules to file annually. Most 944 filer's liability for social security, Medicare and withheld federal income taxes is less than $1,000 for the year. They can pay the taxes with the timely filing of their return. They do not have to deposit the taxes; however, may choose to do so. Refer to Instructions for Form 944 if the payroll tax liability reaches or exceeds $2,500. It may be required in that case to deposit the taxes sooner than the due date of the tax return.

The look-back period (see 7.345) for previous 941 filers is the second preceding year for either of the two previous calendar years, not just the one previous year. Example: If filed Form 941 in 2019 but not 2020, the look-back for 2021 would be calendar year 2019.

## 7.347:
## Quarterly Reporting of Payroll Taxes

By the last day of the month following the end of each calendar quarter, Form 941, "Employer's Quarterly Federal Tax Return" (Exhibit 7-J) must be filed. A filer may complete and mail-in the Form 941 or choose various paperless options for filing. If all taxes have already been deposited on-time and no taxes are due, you have 10 more days in which to file the form. Closely follow the instructions accompanying the form.

**Note: If a minister is the only employee and there is no voluntary withholding, Form 941 is not required. However, mark "941" kind of payer when filing the Form W-3 regardless of this condition.**

Data for Exhibit 7-J(1).

## FORM 941, EMPLOYER'S QUARTERLY FEDERAL TAX RETURN

**Line 2** The wages paid this quarter to the employees:

| | |
|---|---|
| John Schmidt (Minister)<br>Salary: $4,650 (exclusive of housing allowance)<br>less $300 for TSA<br>plus group term life<br>insurance in excess of<br>$50,000: $196.76 | $4,546.76 |
| Mary Kelly<br>Salary: $2,400 plus<br>Christmas gift of $50 | 2,450.00 |
| Harry Plumber<br>Salary | 750.00 |
| Ann Rogers<br>Salary | 900.00 |
| Irene Braun (Commissioned Minister)<br>Salary: $3,225<br>(exclusive of housing allowance) | 3,225.00 |
| | $11,871.76 |

**Line 3** This is the amount of federal income tax withheld from the three non-minister workers for October, November, and December; and the amount of federal income and self-employment taxes (SECA) withheld from the teacher during the same payroll period under the voluntary withholding plan.

**Line 5a and 5c**

The wages paid this quarter to social security and Medicare tax of all non-minister workers.

| | |
|---|---|
| Kelly | $2,450.00 |
| Plumber | 750.00 |
| Rogers | 900.00 |
| | $4,100.00 |

The total social security and Medicare tax should be the total amount withheld from the non-minister workers for October, November, and December plus the church's share of the tax.

**Line 15** This congregation would follow the "Monthly Depositor Rule." Deposits would have been made on or before November 15, December 15 and January 15.

Form **941 for 2022: Employer's QUARTERLY Federal Tax Return** 950122

(Rev. June 2022) Department of the Treasury — Internal Revenue Service OMB No. 1545-0029

**Employer identification number** (EIN) 4 3 – 8 9 1 2 0 5 5

**Name** *(not your trade name)* FIRST LUTHERAN CHURCH

**Trade name** *(if any)*

**Address** 2743 CONCORDIA DRIVE

Number Street Suite or room number

ST. LOUIS MO 63122

City State ZIP code

Foreign country name Foreign province/county Foreign postal code

**Report for this Quarter of 2022**
**(Check one.)**

- [ ] **1:** January, February, March
- [ ] **2:** April, May, June
- [ ] **3:** July, August, September
- [X] **4:** October, November, December

Go to *www.irs.gov/Form941* for instructions and the latest information.

Read the separate instructions before you complete Form 941. Type or print within the boxes.

**Part 1: Answer these questions for this quarter.**

| | | | |
|---|---|---|---|
| 1 | **Number of employees who received wages, tips, or other compensation for the pay period including:** ***June 12*** **(Quarter 2),** ***Sept. 12*** **(Quarter 3), or** ***Dec. 12*** **(Quarter 4)** | 1 | 5 |
| 2 | **Wages, tips, and other compensation** | 2 | 11871.76 |
| 3 | **Federal income tax withheld from wages, tips, and other compensation** | 3 | 1112.40 |
| 4 | **If no wages, tips, and other compensation are subject to social security or Medicare tax** | | ☐ **Check and go to line 6.** |

| | | Column 1 | | Column 2 |
|---|---|---|---|---|
| 5a | **Taxable social security wages*** | 4100.00 | × 0.124 = | 508.40 |
| 5a | **(i) Qualified sick leave wages*** | . | × 0.062 = | . |
| 5a | **(ii) Qualified family leave wages*** | 4100.00 | × 0.062 = | 254.20 |
| 5b | **Taxable social security tips** | . | × 0.124 = | . |
| 5c | **Taxable Medicare wages & tips** | . | × 0.029 = | . |
| 5d | **Taxable wages & tips subject to Additional Medicare Tax withholding** | . | × 0.009 = | . |

**Include taxable qualified sick and family leave wages paid in this quarter of 2022 for leave taken after March 31, 2021, and before October 1, 2021, on line 5a. Use lines 5a(i) and 5a(ii)* ***only*** *for taxable qualified sick and family leave wages paid in this quarter of 2022 for leave taken after March 31, 2020, and before April 1, 2021.*

| | | | |
|---|---|---|---|
| 5e | **Total social security and Medicare taxes.** Add Column 2 from lines 5a, 5a(i), 5a(ii), 5b, 5c, and 5d | 5e | 762.60 |
| 5f | **Section 3121(q) Notice and Demand—Tax due on unreported tips** (see instructions) | 5f | . |
| 6 | **Total taxes before adjustments.** Add lines 3, 5e, and 5f | 6 | 1875.00 |
| 7 | **Current quarter's adjustment for fractions of cents** | 7 | .04 |
| 8 | **Current quarter's adjustment for sick pay** | 8 | . |
| 9 | **Current quarter's adjustments for tips and group-term life insurance** | 9 | . |
| 10 | **Total taxes after adjustments.** Combine lines 6 through 9 | 10 | 1875.00 |
| 11a | **Qualified small business payroll tax credit for increasing research activities.** Attach Form 8974 | 11a | . |
| 11b | **Nonrefundable portion of credit for qualified sick and family leave wages for leave taken before April 1, 2021** | 11b | . |
| 11c | **Reserved for future use** | 11c | . |

► **You MUST complete all three pages of Form 941 and SIGN it.** Next ►

**For Privacy Act and Paperwork Reduction Act Notice, see the back of the Payment Voucher.** Cat. No. 17001Z Form **941** (Rev. 6-2022)

## EXHIBIT 7-J (1A)

951222

**Name** *(not your trade name)* FIRST LUTHERAN CHURCH

**Employer identification number (EIN)** 43-8912055

**Part 1: Answer these questions for this quarter.** *(continued)*

| | | | |
|---|---|---|---|
| 11d | **Nonrefundable portion of credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021** | 11d | . |
| 11e | **Reserved for future use** | 11e | . |
| 11f | **Reserved for future use** | | |
| 11g | **Total nonrefundable credits.** Add lines 11a, 11b, and 11d | 11g | . |
| 12 | **Total taxes after adjustments and nonrefundable credits.** Subtract line 11g from line 10 | 12 | 1739.74 |
| 13a | **Total deposits for this quarter, including overpayment applied from a prior quarter and overpayments applied from Form 941-X, 941-X (PR), 944-X, or 944-X (SP) filed in the current quarter** | 13a | 1739.74 |
| 13b | **Reserved for future use** | 13b | . |
| 13c | **Refundable portion of credit for qualified sick and family leave wages for leave taken before April 1, 2021** | 13c | . |
| 13d | **Reserved for future use** | 13d | . |
| 13e | **Refundable portion of credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021** | 13e | 1739.74 |
| 13f | **Reserved for future use** | 13f | . |
| 13g | **Total deposits and refundable credits.** Add lines 13a, 13c, and 13e | 13g | 1739.74 |
| 13h | **Reserved for future use** | 13h | . |
| 13i | **Reserved for future use** | 13i | . |
| 14 | **Balance due.** If line 12 is more than line 13g, enter the difference and see instructions | 14 | . |

15 **Overpayment.** If line 13g is more than line 12, enter the difference [ . ] Check one: ☐ Apply to next return. ☐ Send a refund.

**Part 2: Tell us about your deposit schedule and tax liability for this quarter.**

**If you're unsure about whether you're a monthly schedule depositor or a semiweekly schedule depositor, see section 11 of Pub. 15.**

16 **Check one:**

☐ **Line 12 on this return is less than $2,500 or line 12 on the return for the prior quarter was less than $2,500, and you didn't incur a $100,000 next-day deposit obligation during the current quarter.** If line 12 for the prior quarter was less than $2,500 but line 12 on this return is $100,000 or more, you must provide a record of your federal tax liability. If you're a monthly schedule depositor, complete the deposit schedule below; if you're a semiweekly schedule depositor, attach Schedule B (Form 941). Go to Part 3.

☒ **You were a monthly schedule depositor for the entire quarter.** Enter your tax liability for each month and total liability for the quarter, then go to Part 3.

| | | |
|---|---|---|
| **Tax liability:** | **Month 1** | 577.36 |
| | **Month 2** | 577.36 |
| | **Month 3** | 585.02 |
| **Total liability for quarter** | | 1739.74 |

**Total must equal line 12.**

EUNICE KRAMER

TREASURER

☐ **You were a semiweekly schedule depositor for any part of this quarter.** Complete Schedule B (Form 941), Report of Tax Liability for Semiweekly Schedule Depositors, and attach it to Form 941. Go to Part 3.

► **You MUST complete all three pages of Form 941 and SIGN it.** Next ►



**EXHIBIT 7-J (1B)**

| Name (not your trade name) | Employer identification number (EIN) |
|---|---|
| FIRST LUTHERAN CHURCH | 43– 8912055 |

**Part 3: Tell us about your business. If a question does NOT apply to your business, leave it blank.**

17 **If your business has closed or you stopped paying wages** . . . . . . . . . . . . . . . ☐ Check here, and

enter the final date you paid wages  /  / ; also attach a statement to your return. See instructions.

18 **If you're a seasonal employer and you don't have to file a return for every quarter of the year** . . . ☐ Check here.

| | | | |
|---|---|---|---|
| 19 | **Qualified health plan expenses allocable to qualified sick leave wages for leave taken before April 1, 2021** | 19 | . |
| 20 | **Qualified health plan expenses allocable to qualified family leave wages for leave taken before April 1, 2021** | 20 | . |
| 21 | **Reserved for future use** | 21 | . |
| 22 | **Reserved for future use** | 22 | . |
| 23 | **Qualified sick leave wages for leave taken after March 31, 2021, and before October 1, 2021** | 23 | . |
| 24 | **Qualified health plan expenses allocable to qualified sick leave wages reported on line 23** | 24 | . |
| 25 | **Amounts under certain collectively bargained agreements allocable to qualified sick leave wages reported on line 23** | 25 | . |
| 26 | **Qualified family leave wages for leave taken after March 31, 2021, and before October 1, 2021** | 26 | . |
| 27 | **Qualified health plan expenses allocable to qualified family leave wages reported on line 26** | 27 | . |
| 28 | **Amounts under certain collectively bargained agreements allocable to qualified family leave wages reported on line 26** | 28 | . |

**Part 4: May we speak with your third-party designee?**

**Do you want to allow an employee, a paid tax preparer, or another person to discuss this return with the IRS?** See the instructions for details.

☐ Yes. Designee's name and phone number

Select a 5-digit personal identification number (PIN) to use when talking to the IRS.

☐ No.

**Part 5: Sign here. You MUST complete all three pages of Form 941 and SIGN it.**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

X **Sign your name here** *Eunice Kramer*

Print your name here: EUNICE KRAMER

Print your title here: TREASURER

Date: 1 / 27 / XX

Best daytime phone: 314-996-XXXX

**Paid Preparer Use Only**

Check if you're self-employed . . . ☐

| | | | |
|---|---|---|---|
| Preparer's name | | PTIN | |
| Preparer's signature | | Date | / / |
| Firm's name (or yours if self-employed) | | EIN | |
| Address | | Phone | |
| City | State | ZIP code | |

Page **3** Form **941** (Rev. 6-2022)

**EXHIBIT 7-J (2)**

## 7.348:
## Annual Reporting of Payroll Taxes

Form 944, Employer's Annual Federal Tax Return, is designed so the smallest employers (those whose annual liability for social security, Medicare and withheld federal income taxes is $1,000 or less) will file and pay these taxes only once a year instead of every quarter.

Based on current tax rates, if you pay $5,000 or less in wages subject to social security and Medicare taxes and federal income tax withholding, you are likely to pay $1,000 or less in employment taxes.

Currently, the IRS notifies employers selected to file a Form 944. If you believe you are eligible to report your tax liability on Form 944 but were not notified, call the IRS at 1-800-829-4933. You may express your desire to file Form 944 if you estimate that your annual employment tax liability will not exceed $1,000.

The Form 944 must be filed by the last day of the month following the end of the calendar year (January 31). If you have already made deposits in full payment of your taxes by this date, you have 10 more calendar days in which to file your return.

After you file your first Form 944, you must file Form 944 for every year after that or until the IRS notifies you to file Form 941.

The program is entirely voluntary, enabling employers who have been notified by the IRS to file a Form 944 to opt out from doing so; and, enabling employers who believe they are eligible to file a Form 944 to elect to do so. Instructions to Form 944 details how either is to be done.

## 7.350:
## Form W-2, Wage and Tax Statement

By January 31, each employee must be mailed Form W-2, "Wage and Tax Statement" [Exhibits 7-K(1), 7-K(2), and 7-K(3)] for the previous calendar year. Employers may instead furnish its employees with electronic Form W-2s if the employees have consented to this option (for details see IRS Publication 15-A).

The minister's Form W-2 should not report any social security or Medicare wages or taxes withheld. However, if a minister elects voluntary withholding, the total federal income and self-employment tax liability withheld is to be reported as federal income tax withheld [see 1.350 and Exhibit 7-K(3)].

An employer may visit the SSA's Business Services Online (BSO) website at *socialsecurity.gov/thirdparty/business.html*, complete up to 50 Forms W-2 per W-3 right on the computer, electronically submit them to the SSA and print copies suitable for distribution to its employees — a completely "paperless" process of filing. There is no limit on the number of Forms W-3 an employer can submit even for the same Employer Identification Number (EIN). (Note: Advance registration is required for online wage reporting.) Alternatively, Forms W-2 and W-3 can be obtained for free from IRS by visiting *irs.gov/business/online-ordering-for-information-returns-and-employer-returns*, suitable for filing with the SSA and distributing to employees. Any software used to produce and complete Forms W-2, must conform to the specifications and standards in the latest IRS Publication 1141. If any organization has more than 250 Form W-2s, paper copies may be distributed to the employees but the reportable information must be submitted to the SSA electronically.

## FORM W-2, "WAGE AND TAX STATEMENT" — for the lay employee [Exhibit 7-K(1)]

**Boxes 1, 2, 3, 4, 5, 6, 16, 17**
Include the appropriate information from the worker's "individual payroll record" totals.

**Boxes 12 a-d**
Leave blank since no applicable payments were made. See form's instructions.

**Box 13** Check "Retirement plan" as the worker is a full-time employee and is included in the Concordia Retirement Plan.

**Box 15** Include the two-letter code for your state and your Employer's State IdentificationNumber.

22222

a Employee's social security number: 342-0-1234

OMB No. 1545-0008

b Employer identification number (EIN): 43-8912055

c Employer's name, address, and ZIP code:
FIRST LUTHERAN CHURCH
2743 CONCORDIA DRIVE
ST LOUIS MO 63122

d Control number

e Employee's first name and initial: MARY A. Last name: KELLY Suff.

789 MAIN STREET
ST LOUIS MO 63122

f Employee's address and ZIP code

| | |
|---|---|
| 1 Wages, tips, other compensation | 9650.00 |
| 2 Federal income tax withheld | 720.00 |
| 3 Social security wages | 9650.00 |
| 4 Social security tax withheld | 598.30 |
| 5 Medicare wages and tips | 9650.00 |
| 6 Medicare tax withheld | 139.93 |
| 7 Social security tips | |
| 8 Allocated tips | |
| 9 | |
| 10 Dependent care benefits | |
| 11 Nonqualified plans | |
| 12a Code | |
| 12b Code | |
| 12c Code | |
| 12d Code | |
| 14 Other | |

13 Statutory employee ☐ Retirement plan ☒ Third-party sick pay ☐

| 15 State | Employer's state ID number | 16 State wages, tips, etc. | 17 State income tax | 18 Local wages, tips, etc. | 19 Local income tax | 20 Locality name |
|---|---|---|---|---|---|---|
| MO | 800-0484-6 | 9650.00 | 252.00 | | | |
| | | | | | | |

Form **W-2** **Wage and Tax Statement** 2022 Department of the Treasury—Internal Revenue Service

**Copy 1—For State, City, or Local Tax Department**

**EXHIBIT 7-K(1)**

## FORM W-2, "WAGE AND TAX STATEMENT" —for the minister of the Gospel (no withholding) [Exhibit 7-K(2)]

| | | |
|---|---|---|
| **Box 1** | Salary ($1,550/mo x 12) | $18,600.00 |
| | Less: TSA ($100/mo x 12) | (1,200.00) |
| | Add: Group term life insurance | 196.76 |
| | Total wages | $17,596.76 |

Do not include the housing allowance in this box.

If the minister of the Gospel received cash allowances for auto expenses, include this amount in Box 1.

You may give the employee more than one Form W-2. For example, if you have completed the Form W-2s with the usual payroll items, and then you receive the group term life insurance information, you may prepare a second Form W-2 rather than amend the first. See 1.305 for a list of the items to be included in Box 1.

**Boxes 2, 3, 4, 5, 6**
No dollar amount should ever be included.

**Box 12 a-d**
Include the applicable payments made by Code:

- **C–** Group-term life insurance over $50,000
- **E–** Elective deferrals to a section 403(b) salary reduction agreement (Tax-Sheltered Annuity)
- **L–** Substantiated Employee Business Expense (Federal rate)(Required if NOT substantiated)
- **P–** Qualified moving expenses
- **R–** Employer contributions to your medical savings account
- **T–** Adoption benefits
- **W–** Employee contributions to a Health Savings Account (HSA) under a Cafeteria Plan or Employer Contributions to an HSA.
- **BB–** Roth contributions under a section 403(b) plan.

**Box 13** Check "Retirement plan" since the worker is enrolled in the Concordia Retirement Plan.

**Box 14** Suggest writing "Minister of the Gospel" in this box and "Housing Allow. not incl. in Box 1: $xxxx."
If space doesn't permit it, report housing allowance payments on a separate statement.

**Box 15** Include the two-letter code for your state and your Employer's State Identification Number.

**Box 16** Include the wages from Box 1.

**Box 17** Include the state taxes withheld if your state requires the church to withhold state income tax from the minister's wages.

**Boxes 18-20**
Complete these boxes if your county, city, or other municipality requires the church to withhold a local tax.

| | | |
|---|---|---|
| 22222 | a Employee's social security number: 542-39-8756 | OMB No. 1545-0008 |
| b Employer identification number (EIN): 43-8912055 | 1 Wages, tips, other compensation: 17596.76 | 2 Federal income tax withheld |
| c Employer's name, address, and ZIP code: FIRST LUTHERAN CHURCH, 2743 CONCORDIA DRIVE, ST LOUIS MO 63122 | 3 Social security wages | 4 Social security tax withheld |
| | 5 Medicare wages and tips | 6 Medicare tax withheld |
| | 7 Social security tips | 8 Allocated tips |
| d Control number | 9 | 10 Dependent care benefits |
| e Employee's first name and initial: JOHN C. / Last name: SCHMIDT / Suff. | 11 Nonqualified plans | 12a Code: C 196.76 |
| 123 WALNUT DRIVE, ST LOUIS MO 63122 | 13 Statutory employee [ ] Retirement plan [X] Third-party sick pay [ ] | 12b Code: E 1200.00 |
| | 14 Other: Minister of the Gospel Housing Allow, not included in Box 1: $9600.00 | 12c Code: W 2500.00 |
| f Employee's address and ZIP code | | 12d Code |

| 15 State | Employer's state ID number | 16 State wages, tips, etc. | 17 State income tax | 18 Local wages, tips, etc. | 19 Local income tax | 20 Locality name |
|---|---|---|---|---|---|---|
| MO | 800-0484-6 | 17596.76 | | | | |
| | | | | | | |

Form **W-2** **Wage and Tax Statement** 2022 Department of the Treasury—Internal Revenue Service
**Copy 1—For State, City, or Local Tax Department**

**EXHIBIT 7-K(2)**

## FORM W-2, "WAGE AND TAX STATEMENT"
## —for the minister of the Gospel (with voluntary withholding) [Exhibit 7-K(3)]

Follow directions for "minister of the Gospel *(no withholding)*" with the following exceptions.

**Box 2** Include amounts withheld for federal income and self-employment tax.

**Box 17** Include amount withheld for state income tax.

| | | |
|---|---|---|
| 22222 | a Employee's social security number 378-38-7028 | OMB No. 1545-0008 |
| b Employer identification number (EIN) 43-8912055 | 1 Wages, tips, other compensation 12900.00 | 2 Federal income tax withheld 3729.60 |
| c Employer's name, address, and ZIP code<br>FIRST LUTHERAN CHURCH<br>2743 CONCORDIA DRIVE<br>ST LOUIS MO 63122 | 3 Social security wages<br>5 Medicare wages and tips<br>7 Social security tips | 4 Social security tax withheld<br>6 Medicare tax withheld<br>8 Allocated tips |
| d Control number | 9 | 10 Dependent care benefits |
| e Employee's first name and initial IRENE M. / Last name BRAUN / Suff.<br>22 GRACELAND CT. #5<br>ST LOUIS MO 63122<br>f Employee's address and ZIP code | 11 Nonqualified plans<br>13 Statutory employee ☐ Retirement plan ☒ Third-party sick pay ☐<br>14 Other Minister of the Gospel Housing Allowance not included in Box 1: $6300.00 | 12a Code<br>12b Code<br>12c Code<br>12d Code |

| 15 State | Employer's state ID number | 16 State wages, tips, etc. | 17 State income tax | 18 Local wages, tips, etc. | 19 Local income tax | 20 Locality name |
|---|---|---|---|---|---|---|
| MO | 800-0484-6 | 12900.00 | | | | |
| | | | | | | |

Form **W-2** **Wage and Tax Statement** 2022 Department of the Treasury—Internal Revenue Service

**Copy 1—For State, City, or Local Tax Department**

**EXHIBIT 7-K(3)**

## 7.351: Cost of Health Care Coverage Reporting

Employers that provide coverage through a self-funded church health plan, such as the Concordia Health Plan (CHP), currently are exempt from the requirement to report the cost of health coverage on Form W-2. Employers that offer health plans other than the CHP may not be eligible for this exemption and should check with their health plan carrier or review IRS Notice 2012-9 to determine whether an exemption is applicable. Other W-2 reporting obligations continue to apply. The Internal Revenue Service (IRS) notices describing this exemption suggest that the exemption may not be permanent. Concordia Plan Services will continue to monitor IRS guidance and provide information as it becomes available. The IRS has stated it will provide at least a six-month notice if the exemption is eliminated.

## 7.355:
## Transmittal of Wage and Tax Statements to SSA

Form W-3 summarizes the various amounts on the accumulative Forms W-2. Its purpose is to transmit Copy A of Forms W-2 to the Social Security Administration (SSA). This transmittal must be mailed by January 31 to the address found in the form's instructions. The data is shared with the IRS to reconcile your previously filed Forms 941 [Exhibit 7-J (1)] or Form 944, if applicable. No money is sent with the Form W-3.

Electronic submission of wage and tax statements is also due by January 31.

For more information about electronic filing, go to *ssa.gov/bso*.

### Form W-3: "TRANSMITTAL OF INCOME AND TAX STATEMENTS"

### Summary of Totals:

| Worker Name | Box 1 | Box 2 | Box 3&5 | Box 4 | Box 6 | Box 12 | Box 16 | Box 17 |
|---|---|---|---|---|---|---|---|---|
| Schmidt | 17,596.76 | | | | | 1,200.00 | 17,596.76 | |
| Kelly | 9,650.00 | 720.00 | 9,650.00 | 598.30 | 139.93 | | 9,650.00 | 252.00 |
| Plumber | 3,000.00 | | 3,000.00 | 186.00 | 43.56 | | 3,000.00 | |
| Rogers | 3,600.00 | | 3,600.00 | 223.20 | 52.20 | | 3,600.00 | |
| Braun | 12,900.00 | 3,729.60 | | | | | 12,900.00 | 228.00 |
| Totals | 46,746.76 | 4,449.60 | 16,250.00 | 1,007.50 | 235.69 | 1,200.00 | 46,746.76 | 480.00 |

**Box 1** The salary and other compensation of all employees. This box does not include the housing allowance. The total in this box must be the total of Box 1 of all Form W-2s included. This amount must all agree with the totals on line 2, Form 941 (or 944) for all such returns filed, if any, during the year.

**Box 2** The total of all federal income tax withheld on all employees during the year. This box also includes Self-Employment tax (SECA) from "ministers of the Gospel" who elect to withhold. The total in this box must equal the total of Box 2 on all Form W-2s included with the Form W-3.

**Box 3&5** The total of all social security tax (Box 3) and Medicare tax (Box 5) of all non-minister employees. The totals in these boxes must equal the total of Box 3 and Box 5 of all Form W-2s included with the Form W-3.

**Box 4** The total of all social security tax withheld from the employees' payroll checks. This box does not include the employer's share of the social security tax. The total in this box must equal to total of Box 4 of all Form W-2s included with the Form W-3.

**Box 6** The total of all Medicare tax withheld from the employee's payroll checks. This box does not include the employer's share of the Medicare tax. The total in this box must equal the total of Box 6 of all Form W-2s included with the Form W-3.

**Box 12** The total of all deferred compensation (TSA earnings) of all eligible employees.

**Box 15** Two-letter abbreviation for name of the state being reported on Forms W-2 and employer's state assigned id number. If more than one state being reported, enter "X" and no id number.

**Box 16,17** The total state wages and taxes shown in their corresponding boxes on the Form W-2.

DO NOT STAPLE

| | | |
|---|---|---|
| 33333 | a Control number | For Official Use Only ▶<br>OMB No. 1545-0008 |

**b Kind of Payer** (Check one): 941 [X] · Military [ ] · 943 [ ] · 944 [ ] · CT-1 [ ] · Hshld. emp. [ ] · Medicare govt. emp. [ ]

**Kind of Employer** (Check one): None apply [ ] · 501c non-govt. [X] · State/local non-501c [ ] · State/local 501c [ ] · Federal govt. [ ]

Third-party sick pay (Check if applicable) [ ]

| | | | |
|---|---|---|---|
| c Total number of Forms W-2<br>5 | d Establishment number | 1 Wages, tips, other compensation<br>46746.76 | 2 Federal income tax withheld<br>4449.60 |
| e Employer identification number (EIN)<br>43-8912055 | | 3 Social security wages<br>16250.00 | 4 Social security tax withheld<br>1007.50 |
| f Employer's name<br>FIRST LUTHERAN CHURCH | | 5 Medicare wages and tips<br>16250.00 | 6 Medicare tax withheld<br>235.69 |
| 2743 CONCORDIA DRIVE<br>ST LOUIS MO 63122<br>g Employer's address and ZIP code | | 7 Social security tips | 8 Allocated tips |
| | | 9 | 10 Dependent care benefits |
| | | 11 Nonqualified plans | 12a Deferred compensation<br>1200.00 |
| h Other EIN used this year | | 13 For third-party sick pay use only | 12b |
| 15 State<br>MO | Employer's state ID number<br>800-0484-6 | 14 Income tax withheld by payer of third-party sick pay | |
| 16 State wages, tips, etc.<br>46746.76 | 17 State income tax<br>480.00 | 18 Local wages, tips, etc. | 19 Local income tax |
| Employer's contact person<br>EUNICE KRAMER | | Employer's telephone number<br>314 667-8215 | For Official Use Only |
| Employer's fax number | | Employer's email address | |

Under penalties of perjury, I declare that I have examined this return and accompanying documents, and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature ▶ *Eunice Kramer* Title ▶ TREASURER Date ▶ 1/31/XX

Form **W-3** Transmittal of Wage and Tax Statements **2022**

Department of the Treasury
Internal Revenue Service

**Send this entire page with the entire Copy A page of Form(s) W-2 to the Social Security Administration (SSA). Photocopies are not acceptable. Do not send Form W-3 if you filed electronically with the SSA.**
**Do not** send any payment (cash, checks, money orders, etc.) with Forms W-2 and W-3.

## Reminder

**Separate instructions.** See the 2022 General Instructions for Forms W-2 and W-3 for information on completing this form. Do not file Form W-3 for Form(s) W-2 that were submitted electronically to the SSA.

## Purpose of Form

Complete a Form W-3 transmittal only when filing paper Copy A of Form(s) W-2, Wage and Tax Statement. Don't file Form W-3 alone. All paper forms **must** comply with IRS standards and be machine readable. Photocopies are **not** acceptable. Use a Form W-3 even if only one paper Form W-2 is being filed. Make sure both the Form W-3 and Form(s) W-2 show the correct tax year and employer identification number (EIN). Make a copy of this form and keep it with Copy D (For Employer) of Form(s) W-2 for your records. The IRS recommends retaining copies of these forms for 4 years.

## E-Filing

The SSA strongly suggests employers report Form W-3 and Forms W-2 Copy A electronically instead of on paper. The SSA provides two free e-filing options on its Business Services Online (BSO) website.

- **W-2 Online.** Use fill-in forms to create, save, print, and submit up to 50 Forms W-2 at a time to the SSA.
- **File Upload.** Upload wage files to the SSA you have created using payroll or tax software that formats the files according to the SSA's *Specifications for Filing Forms W-2 Electronically (EFW2).*

W-2 Online fill-in forms or file uploads will be on time if submitted by **January 31, 2023**. For more information, go to *www.SSA.gov/bso*. First-time filers, select "*Register*"; returning filers, select "*Log In*."

## When To File Paper Forms

Mail Form W-3 with Copy A of Form(s) W-2 by **January 31, 2023**.

## Where To File Paper Forms

Send this entire page with the entire Copy A page of Form(s) W-2 to:

**Social Security Administration**
**Direct Operations Center**
**Wilkes-Barre, PA 18769-0001**

**Note:** If you use "Certified Mail" to file, change the ZIP code to "18769-0002." If you use an IRS-approved private delivery service, add "ATTN: W-2 Process, 1150 E. Mountain Dr." to the address and change the ZIP code to "18702-7997." See Pub. 15 (Circular E), Employer's Tax Guide, for a list of IRS-approved private delivery services.

**For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.**

Cat. No. 10159Y

**EXHIBIT 7-L**

## 7.370:
## Correcting Previously Filed Payroll Information Forms

### Form 941-X

Form 941-X is used to correct previously filed Form 941s. Instructions for completing the form accompany it. Form 941-X should be filed immediately when the mistake is discovered.

**Example:** On April 5, the treasurer discovered an error in Mary Kelly's payroll record. She received a $200 payroll check that was not recorded for the fourth quarter.

| | | Employer's Tax Liability | |
|---|---|---|---|
| | | **Fed** | **State** |
| Salary | $200.00 | $ | $ |
| Federal Tax Withheld | -25.00 | 25.00 | |
| Social Security | -12.40 | 24.80 | |
| Medicare | - 2.90 | 5.80 | |
| State Tax | -10.00 | | 10.00 |
| Net Check | $149.70 | $55.60 | $10.00 |

Form 941-X must be used to correct under-reporting of social security wages and taxes due; also under-reporting of withheld federal income tax and payment of amounts due [see Exhibit 7-M(1)]. The net adjustment of $55.60 [$25.00 + $24.80 + $5.80] will be paid with the filing of Form 941-X.

Note: Exhibit 7-M does not correct Exhibit 7-J and is included here for illustrative purposes only.

### Form W-2C

Form W-2C is used to correct previously filed Form W-2s. Instructions for completing this form are on the back side of the last copy. Following through the example above, we need to correct Mary Kelly's Form W-2 (see Exhibit 7-N).

### Form W-3C

Form W-3C is used to transmit Form W-2Cs to the Social Security Administration.

Note, for purposes of this example, the numbers only reflect the resulting change shown in Exhibit 7-N (see Exhibit 7-O).

Form **941-X:** **Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund**
(Rev. April 2022) Department of the Treasury — Internal Revenue Service OMB No. 1545-0029

**Employer identification number** (EIN): 4 3 – 8 9 1 2 0 5 5

**Name** *(not your trade name)*: FIRST LUTHERAN CHURCH

**Trade name** *(if any)*:

**Address**: 2743 CONCORDIA DRIVE
Number Street Suite or room number

ST LOUIS | MO | 63122
City State ZIP code

Foreign country name Foreign province/county Foreign postal code

**Return You're Correcting...**

**Check the type of return you're correcting.**

[X] **941**

[ ] **941-SS**

**Check the ONE quarter you're correcting.**

[ ] **1:** January, February, March

[ ] **2:** April, May, June

[ ] **3:** July, August, September

[X] **4:** October, November, December

**Enter the calendar year of the quarter you're correcting.** 20XX (YYYY)

**Enter the date you discovered errors.** 04 / 05 / 20XX (MM / DD / YYYY)

Read the separate instructions before completing this form. Use this form to correct errors you made on Form 941 or 941-SS. Use a separate Form 941-X for each quarter that needs correction. Type or print within the boxes. You MUST complete all five pages. Don't attach this form to Form 941 or 941-SS unless you're reclassifying workers; see the instructions for line 42.

**Part 1: Select ONLY one process. See page 6 for additional guidance, including information on how to treat employment tax credits and social security tax deferrals.**

[X] **1. Adjusted employment tax return.** Check this box if you underreported tax amounts. Also check this box if you overreported tax amounts and you would like to use the adjustment process to correct the errors. You must check this box if you're correcting both underreported and overreported tax amounts on this form. The amount shown on line 27, if less than zero, may only be applied as a credit to your Form 941, Form 941-SS, or Form 944 for the tax period in which you're filing this form.

[ ] **2. Claim.** Check this box if you overreported tax amounts only and you would like to use the claim process to ask for a refund or abatement of the amount shown on line 27. Don't check this box if you're correcting ANY underreported tax amounts on this form.

**Part 2: Complete the certifications.**

[X] **3. I certify that I've filed or will file Forms W-2, Wage and Tax Statement, or Forms W-2c, Corrected Wage and Tax Statement, as required.**

**Note:** If you're correcting underreported tax amounts only, go to Part 3 on page 2 and skip lines 4 and 5. If you're correcting overreported tax amounts, for purposes of the certifications on lines 4 and 5, Medicare tax doesn't include Additional Medicare Tax. Form 941-X can't be used to correct overreported amounts of Additional Medicare Tax unless the amounts weren't withheld from employee wages or an adjustment is being made for the current year.

**4. If you checked line 1 because you're adjusting overreported federal income tax, social security tax, Medicare tax, or Additional Medicare Tax, check all that apply.** You must check at least one box.
I certify that:

[ ] **a.** I repaid or reimbursed each affected employee for the overcollected federal income tax or Additional Medicare Tax for the current year and the overcollected social security tax and Medicare tax for current and prior years. For adjustments of employee social security tax and Medicare tax overcollected in prior years, I have a written statement from each affected employee stating that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.

[ ] **b.** The adjustments of social security tax and Medicare tax are for the employer's share only. I couldn't find the affected employees or each affected employee didn't give me a written statement that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.

[ ] **c.** The adjustment is for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax that I didn't withhold from employee wages.

**5. If you checked line 2 because you're claiming a refund or abatement of overreported federal income tax, social security tax, Medicare tax, or Additional Medicare Tax, check all that apply.** You must check at least one box.
I certify that:

[ ] **a.** I repaid or reimbursed each affected employee for the overcollected social security tax and Medicare tax. For claims of employee social security tax and Medicare tax overcollected in prior years, I have a written statement from each affected employee stating that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.

[ ] **b.** I have a written consent from each affected employee stating that I may file this claim for the employee's share of social security tax and Medicare tax. For refunds of employee social security tax and Medicare tax overcollected in prior years, I also have a written statement from each affected employee stating that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.

[ ] **c.** The claim for social security tax and Medicare tax is for the employer's share only. I couldn't find the affected employees, or each affected employee didn't give me a written consent to file a claim for the employee's share of social security tax and Medicare tax, or each affected employee didn't give me a written statement that he or she hasn't claimed (or the claim was rejected) and won't claim a refund or credit for the overcollection.

[ ] **d.** The claim is for federal income tax, social security tax, Medicare tax, or Additional Medicare Tax that I didn't withhold from employee wages.

**For Paperwork Reduction Act Notice, see the separate instructions.** *www.irs.gov/Form941X* Cat. No. 17025J Form **941-X** (Rev. 4-2022)

## EXHIBIT 7-M(1)

| Name (not your trade name) | Employer identification number (EIN) | Correcting quarter (1, 2, 3, 4) | Correcting calendar year (YYYY) |
|---|---|---|---|
| FIRST LUTHERAN CHURCH | 43-8912055 | 4 | 20XX |

**Part 3: Enter the corrections for this quarter. If any line doesn't apply, leave it blank.**

| Line | | Column 1 *Total corrected amount (for ALL employees)* | – | Column 2 *Amount originally reported or as previously corrected (for ALL employees)* | = | Column 3 *Difference (If this amount is a negative number, use a minus sign.)* | | Column 4 *Tax correction* |
|---|---|---|---|---|---|---|---|---|
| 6. | **Wages, tips, and other compensation** (Form 941, line 2) | 12,071.76 | – | 11,871.76 | = | 200.00 | Use the amount in Column 1 when you prepare your Forms W-2 or Forms W-2c. | |
| 7. | **Federal income tax withheld from wages, tips, and other compensation** (Form 941, line 3) | 1,137.40 | – | 1,112.40 | = | 25.00 | Copy Column 3 here . . | 25.00 |
| 8. | **Taxable social security wages** (Form 941 or 941-SS, line 5a, Column 1) | 4,300.00 | – | 4,100.00 | = | 200.00 | × 0.124* = | 24.80 |
| | * If you're correcting your employer share only, use 0.062. See instructions. | | | | | | | |
| 9. | **Qualified sick leave wages*** (Form 941 or 941-SS, line 5a(i), Column 1) | . | – | . | = | . | × 0.062 = | . |
| | * Use line 9 only for qualified sick leave wages paid after March 31, 2020, for leave taken before April 1, 2021. | | | | | | | |
| 10. | **Qualified family leave wages*** (Form 941 or 941-SS, line 5a(ii), Column 1) | 4,300.00 | – | 4,100.00 | = | 200.00 | × 0.062 = | 5.80 |
| | * Use line 10 only for qualified family leave wages paid after March 31, 2020, for leave taken before April 1, 2021. | | | | | | | |
| 11. | **Taxable social security tips** (Form 941 or 941-SS, line 5b, Column 1) | . | – | . | = | . | × 0.124* = | . |
| | * If you're correcting your employer share only, use 0.062. See instructions. | | | | | | | |
| 12. | **Taxable Medicare wages & tips** (Form 941 or 941-SS, line 5c, Column 1) | . | – | . | = | . | × 0.029* = | . |
| | * If you're correcting your employer share only, use 0.0145. See instructions. | | | | | | | |
| 13. | **Taxable wages & tips subject to Additional Medicare Tax withholding** (Form 941 or 941-SS, line 5d) | . | – | . | = | . | × 0.009* = | . |
| | * Certain wages and tips reported in Column 3 shouldn't be multiplied by 0.009. See instructions. | | | | | | | |
| 14. | **Section 3121(q) Notice and Demand—Tax due on unreported tips** (Form 941 or 941-SS, line 5f) | . | – | . | = | . | Copy Column 3 here . . | . |
| 15. | **Tax adjustments** (Form 941 or 941-SS, lines 7 through 9) | . | – | . | = | . | Copy Column 3 here . . | . |
| 16. | **Qualified small business payroll tax credit for increasing research activities** (Form 941 or 941-SS, line 11a; you must attach Form 8974) | . | – | . | = | . | See instructions | . |
| 17. | **Nonrefundable portion of credit for qualified sick and family leave wages for leave taken before April 1, 2021** (Form 941 or 941-SS, line 11b) | . | – | . | = | . | See instructions | 55.60 |
| 18a. | **Nonrefundable portion of employee retention credit*** (Form 941 or 941-SS, line 11c) | . | – | . | = | . | See instructions | . |
| | * Use line 18a only for corrections to quarters beginning after March 31, 2020, and before January 1, 2022. | | | | | | | |
| 18b. | **Nonrefundable portion of credit for qualified sick and family leave wages for leave taken after March 31, 2021, and before October 1, 2021** (Form 941 or 941-SS, line 11d) | . | – | . | = | . | See instructions | . |
| 18c. | **Nonrefundable portion of COBRA premium assistance credit** (Form 941 or 941-SS, line 11e) | . | – | . | = | . | See instructions | 55.60 |
| 18d. | **Number of individuals provided COBRA premium assistance** (Form 941 or 941-SS, line 11f) | | – | | = | | | |
| 19. | **Special addition to wages for federal income tax** | . | – | . | = | . | See instructions | . |
| 20. | **Special addition to wages for social security taxes** | . | – | . | = | . | See instructions | . |
| 21. | **Special addition to wages for Medicare taxes** | . | – | . | = | . | See instructions | 55.60 |

Page **2** Form **941-X** (Rev. 4-2022)

## EXHIBIT 7-M(2)

| Name (not your trade name) | Employer identification number (EIN) | Correcting quarter 4 (1, 2, 3, 4) |
| --- | --- | --- |
| FIRST LUTHERAN CHURCH | 43-8912055 | Correcting calendar year (YYYY) 20XX |

**Part 4: Explain your corrections for this quarter.**

☐ **41. Check here if any corrections you entered on a line include both underreported and overreported amounts.** Explain both your underreported and overreported amounts on line 43.

☐ **42. Check here if any corrections involve reclassified workers.** Explain on line 43.

**43. You must give us a detailed explanation of how you determined your corrections.** See the instructions.

Clerical error, one payroll check found not recorded.

**Part 5: Sign here. You must complete all five pages of this form and sign it.**

Under penalties of perjury, I declare that I have filed an original Form 941 or Form 941-SS and that I have examined this adjusted return or claim, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

**Sign your name here** Eunice Kramer

Print your name here: EUNICE KRAMER

Print your title here: TREASURER

Date: 04 / 05/ 20XX

Best daytime phone: 314 667-8215

**Paid Preparer Use Only**

Check if you're self-employed . . . ☐

| | | | |
| --- | --- | --- | --- |
| Preparer's name | | PTIN | |
| Preparer's signature | | Date | / / |
| Firm's name (or yours if self-employed) | | EIN | |
| Address | | Phone | |
| City | State | ZIP code | |



**EXHIBIT 7-M(3)**

DO NOT CUT, FOLD, OR STAPLE THIS FORM

44444 | For Official Use Only ► | OMB No. 1545-0008

| | |
|---|---|
| a Employer's name, address, and ZIP code<br>FIRST LUTHERAN CHURCH<br>2743 CONCORDIA DRIVE<br>ST. LOUIS, MO 63122 | c Tax year/Form corrected: 20xx / W-2<br>d Employee's correct SSN: 342-02-1234<br>e Corrected SSN and/or name (Check this box and complete boxes f and/or g if incorrect on form previously filed.) ☐<br>Complete boxes f and/or g only if incorrect on form **previously filed** ►<br>f Employee's **previously reported** SSN |
| b Employer's Federal EIN: 43-8912055 | g Employee's **previously reported** name |
| | h Employee's first name and initial: MARY — Last name: KELLY — Suff. |
| **Note.** Only complete money fields that are being corrected (exception: for corrections involving MQGE, see the General Instructions for Forms W-2 and W-3, under Specific Instructions for Form W-2c, boxes 5 and 6). | 789 MAIN STREET<br>ST. LOUIS, MO 63122<br>i Employee's address and ZIP code |

| Previously reported | Correct information | Previously reported | Correct information |
|---|---|---|---|
| 1 Wages, tips, other compensation: 9650.00 | 1 Wages, tips, other compensation: 9850.00 | 2 Federal income tax withheld: 720.00 | 2 Federal income tax withheld: 745.00 |
| 3 Social security wages: 9650.00 | 3 Social security wages: 9850.00 | 4 Social security tax withheld: 598.30 | 4 Social security tax withheld: 610.70 |
| 5 Medicare wages and tips: 9650.00 | 5 Medicare wages and tips: 9850.00 | 6 Medicare tax withheld: 139.93 | 6 Medicare tax withheld: 142.83 |
| 7 Social security tips | 7 Social security tips | 8 Allocated tips | 8 Allocated tips |
| 9 | 9 | 10 Dependent care benefits | 10 Dependent care benefits |
| 11 Nonqualified plans | 11 Nonqualified plans | 12a See instructions for box 12 Code | 12a See instructions for box 12 Code |
| 13 Statutory employee ☐ Retirement plan ☐ Third-party sick pay ☐ | 13 Statutory employee ☐ Retirement plan ☐ Third-party sick pay ☐ | 12b Code | 12b Code |
| 14 Other (see instructions) | 14 Other (see instructions) | 12c Code | 12c Code |
| | | 12d Code | 12d Code |

**State Correction Information**

| Previously reported | Correct information | Previously reported | Correct information |
|---|---|---|---|
| 15 State | 15 State | 15 State | 15 State |
| Employer's state ID number | Employer's state ID number | Employer's state ID number | Employer's state ID number |
| 16 State wages, tips, etc.: 9650.00 | 16 State wages, tips, etc.: 9850.00 | 16 State wages, tips, etc. | 16 State wages, tips, etc. |
| 17 State income tax: 252.00 | 17 State income tax: 262.00 | 17 State income tax | 17 State income tax |

**Locality Correction Information**

| Previously reported | Correct information | Previously reported | Correct information |
|---|---|---|---|
| 18 Local wages, tips, etc. | 18 Local wages, tips, etc. | 18 Local wages, tips, etc. | 18 Local wages, tips, etc. |
| 19 Local income tax | 19 Local income tax | 19 Local income tax | 19 Local income tax |
| 20 Locality name | 20 Locality name | 20 Locality name | 20 Locality name |

**For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.** **Copy A—For Social Security Administration**

Form **W-2c** (Rev. 8-2014) **Corrected Wage and Tax Statement** Cat. No. 61437D Department of the Treasury Internal Revenue Service

**EXHIBIT 7-N**

DO NOT CUT, FOLD, OR STAPLE

| 55555 | a Tax year/Form corrected: 20XX / W-3 | For Official Use Only ▶ OMB No. 1545-0008 |
|---|---|---|

**b** Employer's name, address, and ZIP code
FIRST LUTHERAN CHURCH
2743 CONCORDIA DRIVE
ST LOUIS MO 63122

**c Kind of Payer** (Check one)
- [X] 941/941-SS
- [ ] Military
- [ ] 943
- [ ] 944
- [ ] CT-1
- [ ] Hshld. emp.
- [ ] Medicare govt. emp.

**Kind of Employer** (Check one)
- [ ] None apply
- [X] 501c non-govt.
- [ ] State/local non-501c
- [ ] State/local 501c
- [ ] Federal govt.

**Third-party sick pay** (Check if applicable)
- [ ]

| | | | |
|---|---|---|---|
| d Number of Forms W-2c: 1 | e Employer's Federal EIN: 43-8912055 | f Establishment number | g Employer's state ID number: 800-0484-6 |
| Complete boxes h, i, or j only if incorrect on last form filed. | h Employer's **originally reported** Federal EIN | i **Incorrect** establishment number | j Employer's **incorrect** state ID number |
| **Total of amounts previously reported as shown on enclosed Forms W-2c.** | **Total of corrected amounts as shown on enclosed Forms W-2c.** | **Total of amounts previously reported as shown on enclosed Forms W-2c.** | **Total of corrected amounts as shown on enclosed Forms W-2c.** |
| 1 Wages, tips, other compensation: 9650.00 | 1 Wages, tips, other compensation: 9850.00 | 2 Federal income tax withheld: 720.00 | 2 Federal income tax withheld: 745.00 |
| 3 Social security wages: 9650.00 | 3 Social security wages: 9850.00 | 4 Social security tax withheld: 598.30 | 4 Social security tax withheld: 610.70 |
| 5 Medicare wages and tips: 9650.00 | 5 Medicare wages and tips: 9850.00 | 6 Medicare tax withheld: 139.93 | 6 Medicare tax withheld: 142.83 |
| 7 Social security tips | 7 Social security tips | 8 Allocated tips | 8 Allocated tips |
| 9 | 9 | 10 Dependent care benefits | 10 Dependent care benefits |
| 11 Nonqualified plans | 11 Nonqualified plans | 12a Deferred compensation | 12a Deferred compensation |
| 14 Inc. tax w/h by third-party sick pay payer | 14 Inc. tax w/h by third-party sick pay payer | 12b | 12b |
| 16 State wages, tips, etc.: 9650.00 | 16 State wages, tips, etc.: 9850.00 | 17 State income tax: 252.00 | 17 State income tax: 262.00 |
| 18 Local wages, tips, etc. | 18 Local wages, tips, etc. | 19 Local income tax | 19 Local income tax |

Explain decreases here:

Has an adjustment been made on an employment tax return filed with the Internal Revenue Service? [X] Yes [ ] No

If "Yes," give date the return was filed ▶ 4-10-XX

Under penalties of perjury, I declare that I have examined this return, including accompanying documents, and, to the best of my knowledge and belief, it is true, correct, and complete.

Signature ▶ *Eunice Kramer* Title ▶ Treasurer Date ▶ 4-10-XX

| | | |
|---|---|---|
| Employer's contact person: EUNICE KRAMER | Employer's telephone number: 314 667-8215 | For Official Use Only |
| Employer's fax number: KFRAMER@ABC.NET | Employer's email address: 314 667-8217 | |

Form **W-3c** (Rev. 11-2015) **Transmittal of Corrected Wage and Tax Statements** Department of the Treasury Internal Revenue Service

## Purpose of Form

Use this form to transmit Copy A of the most recent version of **Form(s) W-2c,** Corrected Wage and Tax Statement. Make a copy of Form W-3c and keep it with Copy D (For Employer) of Forms W-2c for your records. File Form W-3c even if only one Form W-2c is being filed or if those Forms W-2c are being filed only to correct an employee's name and social security number (SSN) or the employer identification number (EIN). See the General Instructions for Forms W-2 and W-3 for information on completing this form.

## E-Filing

The SSA strongly suggests employers report Form W-3c and Forms W-2c Copy A electronically instead of on paper. The SSA provides two free e-filing options on its Business Services Online (BSO) website:

• **W-2c Online.** Use fill-in forms to create, save, print, and submit up to 25 Forms W-2c at a time to the SSA.

• **File Upload.** Upload wage files to the SSA you have created using payroll or tax software that formats the files according to the SSA's *Specifications for Filing Forms W-2c Electronically (EFW2C).*

For more information, go to *www.socialsecurity.gov/employer.* First time filers, select "*Go to Register*"; returning filers select "*Go To Log In.*"

**For Paperwork Reduction Act Notice, see separate instructions.**

## When To File

File this form and Copy A of Form(s) W-2c with the Social Security Administration as soon as possible after you discover an error on Forms W-2, W-2AS, W-2GU, W-2CM, W-2VI, or W-2c. Provide Copies B, C, and 2 of Form W-2c to your employees as soon as possible.

## Where To File

If you use the U.S. Postal Service, send Forms W-2c and W-3c to the following address:

**Social Security Administration**
**Data Operations Center**
**P.O. Box 3333**
**Wilkes-Barre, PA 18767-3333**

If you use a carrier other than the U.S. Postal Service, send Forms W-2c and W-3c to the following address:

**Social Security Administration**
**Data Operations Center**
**Attn: W-2c Process**
**1150 E. Mountain Drive**
**Wilkes-Barre, PA 18702-7997**

Cat. No. 10164R

**EXHIBIT 7-O**

# 7.400: Other Information Returns

## 7.464: Backup Withholding

If the congregation pays an individual or business entity for services rendered and that person is not an employee, then the congregation must determine whether to withhold taxes. In general, it must withhold 24 percent of all taxable payments made to a non-employee (except corporations, exempt organizations, or payees who have established foreign status) who does not provide a TIN for income tax reporting purposes.

Report backup withholding on Form 945, Annual Return of Withheld Federal Income Tax. For more information, including the deposit requirements for Form 945, see its instructions or IRS Publication 15 (Circular E), Employer's Tax Guide.

## 7.465: Payments for Services of At Least $600 (Form 1099-NEC and Form W-9)

If the congregation (the service recipient) pays remuneration to any person (includes honoraria) or unincorporated organization for services performed by that person of at least $600 and that person is not an employee of the congregation, then the congregation must file a return reporting the aggregate amount of such payments, the name and address of the recipient of the payments and the social security number. The exemption from reporting payments to corporations does not apply to payments for legal services. Payments totaling $600 or more made to an attorney, a law firm or other provider of legal services must also be reported to the IRS. (See 7.467.)

The return to file is Form 1099-NEC (Exhibit 7-P). This form must be given to the recipient by January 31 of the following year. The congregation must report the social security number or Employer Identification Number of the individual or organization on the form.

For practical purposes, require the person to complete and return a Form W-9 before paying him or her. The form is useful for collecting in advance the personal and tax information needed later to complete the Form 1099-NEC. The Internal Revenue Service does not require the reporting of disbursements made payable to corporations on Form 1099-NEC. However, if the incorporated payee's name does not indicate its type of legal entity (i.e., a designation of Inc. or Corp.), consider requesting the corporation to complete an IRS Form W-9 (Exhibit 7-Q). This form will support why a Form 1099 was not reported by the congregation.

To avoid certain reporting penalties, Form 1099s must contain the telephone number of a person to contact concerning the information reported on the return.

☐ VOID ☐ CORRECTED

| | | |
|---|---|---|
| PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.<br>FIRST LUTHERAN CHURCH<br>2743 CONCORDIA DRIVE<br>ST LOUIS MO 63122<br>314-667-8215 | OMB No. 1545-0116<br>Form **1099-NEC**<br>(Rev. January 2022)<br>For calendar year<br>20 ____ | **Nonemployee Compensation** |
| PAYER'S TIN 43-8912055 / RECIPIENT'S TIN 530-76-4000 | **1** Nonemployee compensation<br>$ 3800.00 | **Copy 1**<br>**For State Tax Department** |
| RECIPIENT'S name<br>CONRAD WILSON | **2** Payer made direct sales totaling $5,000 or more of consumer products to recipient for resale ☐ | |
| Street address (including apt. no.)<br>123 HIGHLAND | **3** | |
| City or town, state or province, country, and ZIP or foreign postal code<br>ST LOUIS MO 63122 | **4** Federal income tax withheld<br>$ | |
| Account number (see instructions) | **5** State tax withheld $ $ / **6** State/Payer's state no. | **7** State income $ $ |

Form **1099-NEC** (Rev. 1-2022) www.irs.gov/Form1099NEC Department of the Treasury - Internal Revenue Service

**EXHIBIT 7-P**

**FORM 1099–NEC**

First Lutheran Church paid Conrad Wilson $3,800 to repair the roof at the church. Mr. Wilson is a sole proprietor, not an incorporated business. As the compensation to him for services and supplies exceeded $600, the church must provide Mr. Wilson with a Form 1099–NEC.

## 7.466: Payments to Volunteers for Travel Expenses

There are three methods that a congregation can use to reimburse a volunteer (including director and officer) for his or her travel expenses without including the amount in his or her income. The two most commonly used methods are either payments based on the charitable standard mileage rate of 14 cents per mile, or payments for the volunteer's actual travel expenses (documented). However, the standard business mileage rate may be the basis for payments if a volunteer employee follows the same accountable plan rules otherwise required of paid employees (Treasury Regulation 1.132-5[r][1]). Refer to Chapter 6 for the details of such plans. Amounts reimbursed in excess of these limits must be reported on IRS Form 1099-NEC if their sum total paid during the year is $600 or more.

## 7.467: Payments to Attorneys

Payments of $600 or more made to lawyers must be reported on Form 1099-NEC. To facilitate the completion of this information return, the lawyer must promptly provide the filer with their TIN. Failing to do so, the payor must consider backup withholding on the reportable income. Payments to law firms are considered payments to lawyers, and therefore are not exempt from this reporting requirement.

Form **W-9**
(Rev. October 2018)
Department of the Treasury
Internal Revenue Service

**Request for Taxpayer Identification Number and Certification**

**► Go to *www.irs.gov/FormW9* for instructions and the latest information.**

**Give Form to the requester. Do not send to the IRS.**

Print or type. See **Specific Instructions** on page 3.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.
CONRAD WILSON

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only **one** of the following seven boxes.

☒ Individual/sole proprietor or single-member LLC ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ► ______

**Note:** Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is **not** disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

☐ Other (see instructions) ►

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any) ______

Exemption from FATCA reporting code (if any) ______

*(Applies to accounts maintained outside the U.S.)*

5 Address (number, street, and apt. or suite no.) See instructions.
123 HIGHLAND

Requester's name and address (optional)

6 City, state, and ZIP code
ST LOUIS MO 63122

7 List account number(s) here (optional)

**Part I Taxpayer Identification Number (TIN)**

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN,* later.

**Note:** If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

**Social security number**
5 3 0 - 7 6 - 4 0 0 0

**or**

**Employer identification number**
   - 

**Part II Certification**

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

**Sign Here** **Signature of U.S. person ►** Conrad Wilson **Date ►** 6-30-xx

**EXHIBIT 7-Q**

## 7.470:
## Aid and Education Grants/Scholarship

Student Aid Grants — Any amount given as a qualified scholarship to someone who is a candidate for a degree at a qualified educational institution should not be considered part of the recipient's gross income, and a Form 1099 should not be issued as long as the amount is for qualified tuition and related expenses such as fees, books, supplies and equipment required for instruction. Recipients of grants and scholarships should seek professional tax advice regarding their own tax and reporting requirements.

## 7.475:
## Form 1096, Annual Summary and Transmittal of U.S. information Returns

By January 31, the congregation must complete Form 1096, "Annual Summary and Transmittal of U.S. Information Returns," (Exhibit 7-R) and submit it and Copy A of all Form 1099-NECs to the Internal Revenue Service Center noted on Form 1096.

Do Not Staple 6969

Form **1096**
Department of the Treasury
Internal Revenue Service

**Annual Summary and Transmittal of U.S. Information Returns**

OMB No. 1545-0108
2022

FILER'S name
FIRST LUTHERAN CHURCH

Street address (including room or suite number)
2743 CONCORDIA DRIVE

City or town, state or province, country, and ZIP or foreign postal code
ST LOUIS MO 63122

**For Official Use Only**

| Name of person to contact | Telephone number |
|---|---|
| EUNICE KRAMER | 314 667-8215 |
| **Email address** | **Fax number** |
| | 314 667-8217 |

| 1 Employer identification number | 2 Social security number | 3 Total number of forms | 4 Federal income tax withheld | 5 Total amount reported with this Form 1096 |
|---|---|---|---|---|
| 43-8912055 | | 1 | $ | $ 3800.00 |

6 Enter an "X" in only one box below to indicate the type of form being filed.

| W-2G 32 | 1097-BTC 50 | 1098 81 | 1098-C 78 | 1098-E 84 | 1098-F 03 | 1098-Q 74 | 1098-T 83 | 1099-A 80 | 1099-B 79 | 1099-C 85 | 1099-CAP 73 | 1099-DIV 91 | 1099-G 86 | 1099-INT 92 | 1099-K 10 | 1099-LS 16 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| **1099-LTC 93** | **1099-MISC 95** | **1099-NEC 71** | **1099-OID 96** | **1099-PATR 97** | **1099-Q 31** | **1099-QA 1A** | **1099-R 98** | **1099-S 75** | **1099-SA 94** | **1099-SB 43** | **3921 25** | **3922 26** | **5498 28** | **5498-ESA 72** | **5498-QA 2A** | **5498-SA 27** |
| ☐ | ☐ | X | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |

**Return this entire page to the Internal Revenue Service. Photocopies are not acceptable.**
**Send this form, with the copies of the form checked in box 6, to the IRS in a flat mailer (not folded).**

Under penalties of perjury, I declare that I have examined this return and accompanying documents and, to the best of my knowledge and belief, they are true, correct, and complete.

**Signature ▶** Eunice Kramer **Title ▶** Treasurer **Date ▶** 1-31-xx

**EXHIBIT 7-R**

# 7.600: Employer-Provided Automobile

The following sections describe the IRS-approved methods in reporting the value of the personal use of an automobile. An employer is generally free to use any of these methods for any vehicle, provided all the requirements are met for the particular method. Once the method is chosen for a specific automobile and person, this method must be consistently followed. An important resource for information about this matter is IRS Publication 15-B, Employers Tax Guide to Fringe Benefits. It should also be emphasized that the use of most of these methods require a certain amount of record keeping.

## 7.601
## Annual Lease Valuation (ALV)

This method is the least restrictive of all methods and is an option that is available whenever any of the other methods are either not available or simply costlier to the employee. This method may NOT be used unless it was chosen when the car was first made available to the particular employee for personal use. Once this method is adopted, it must be used for all subsequent periods; except when the Commuting Valuation method is used or on the first day the auto no longer qualifies for the vehicle cents per mile rule described later. (See 7-602 and 7.605.)

The Annual Lease Value Table (7.606) is used to determine a value that is used for each year of the first four years the vehicle is used. Thereafter, the automobile may be revalued every four years, as well as whenever it will be used for a different employee. It is important that due consideration be given in determining the proper Fair Market Value (FMV) of the automobile when applying this table. The FMV of an automobile is the amount a person would pay a third party in the area in which the vehicle is purchased or leased. The employer's actual cost for either purchasing or leasing the automobile **does not** determine its FMV. The ALV method assumes maintenance and insurance are included in the ALV. The Annual Lease Value **MAY NOT** be reduced for any such services not provided by the employer. The ALV method **DOES NOT** include the value of employer-provided fuel. If provided, it must be included **in addition to** the ALV either in an amount equal to the FMV of the fuel, or at a rate of 5.5 cents per mile. A car's fair market value does not include the FMV of any telephone, fax, or specialized equipment added to or carried in the car if the presence of that equipment is required by and attributable to the business needs of the employer. To figure the annual lease value of an automobile to use under the ALV method, one of the following "safe harbor" values can be used.

1) When the automobile is bought in an arm's-length purchase by the employer, the fair market value is the cost, including sales tax, title fees and other purchase expenses.
2) When leased, it's
   (a) the suggested retail price less 8 percent,
   (b) the retail value as reported in a nationally recognized publication, or
   (c) the manufacturer's invoice price plus 4 percent

A copy of the ALV table is provided in paragraph 7.606. You simply find the dollar range in column (1) of the table the amount corresponding to the FMV of the automobile. The corresponding amount in column (2) is the auto's annual lease value. Finally, multiply the corresponding value by the percent of personal use. The resulting amount should be included in the employee's taxable wages.

If the fuel cost for personal use is reimbursed by or charged to the employer, the additional inclusion is the amount reimbursed or charged. Any other services provided by the employer must be added to the ALV in determining the FMV of the benefit provided.

## 7.602
## Vehicle Cents Per Mile

To qualify for the Vehicle Cents Per Mile method, 1) the fair market value of an automobile including a truck or van when first provided to the employee (for 2022) must not exceed $56,100, **AND** 2) it must have been regularly used throughout the year **OR** it must satisfy the mileage rule. The benefit provided to the employee is valued by using the standard mileage rate multiplied by the total miles driven by the employee for personal use.

In order to use this method, one of the following two criteria must be met:

Whether or not a vehicle is regularly used in an employer's trade or business is determined based on all the facts and circumstances. A vehicle is considered to be regularly used in a trade or business if it meets **ONE** of the following conditions:

1. At least 50 percent of the vehicle's total annual mileage is for that trade or business, OR
2. The vehicle is generally used each workday to drive at least three employees to and from work in an employer-sponsored commuting pool.

The standard mileage rate is applied only to the personal miles. Business miles are disregarded. Personal use is any use of the automobile other than use in the employee's trade or business.

An automobile satisfies the mileage rule for a calendar year if:

1. It is actually driven at least 10,000 miles in that year, AND
2. It is used during the year primarily by employees.

The vehicle is considered used primarily by employees if they use it consistently for commuting. For example, if only one employee uses an automobile during the year and that employee drives the vehicle at least 10,000 miles in that calendar year, the vehicle meets the mileage rule even if all miles driven are personal. Use of the vehicle by an individual *(other than the employee)* whose use would be taxed to the employee **IS NOT** considered used by the employee. If the employee owns or leases the vehicle only part of the year, the 10,000-mile requirement is reduced proportionately.

Maintenance and insurance are included in the standard mileage rate. No reduction is allowed, however, if an employer does not provide these services. The rate also includes the FMV of employer-provided fuel. If fuel is not provided by the employer, the rate **MAY BE REDUCED** by up to 5.5 cents.

## 7.603
## Prorated Annual Lease Value

When the amount of time the vehicle is available is **at least** 30 days but less than a year, then the value to use is a prorated ALV. This is calculated by multiplying the applicable ALV by a fraction, the numerator of which is the number of days of availability and the denominator is 365.

## 7.604
## Daily Lease Valuation

This method is available only for those instances in which the use is less than 30 days. This method is calculated by multiplying the applicable ALV by a fraction, the numerator of which is four times the number of days of availability and the denominator is 365. An election may also be made to treat the period of availability as if it had been 30 days *(and not multiply it by four)*, if doing so would result in a lower valuation than the Daily Lease Value.

## 7.605
## Commuting Valuation Method

This is a special valuation rule whereby only the value of the commuting is treated as income to the employee. This method is only available when **ALL** of the following criteria are met:

1) The vehicle is owned or leased by the employer and is provided to one or more employees for use in connection with the employer's business and is used as such.
2) The employer requires the employee to commute to and/or from work in this vehicle for bona fide noncompensatory business reasons.
3) The employer establishes a written policy stating that such vehicles cannot be used for personal use either by the employee or any other individual whose use would be taxable to the employee.
4) Except for de minimis personal use, the employee does not use the vehicle for any other personal use than commuting.
5) The employer may not provide such vehicle to an employee in 2022 earning $130,000 or more annually in 2021. (See IRS Pub. 15-B.)

Under this method, the value assigned to commuting is $1.50 per one-way trip. Thus, the amount includable for a round-trip would be $3.00 per employee. This applies to each employee using the vehicle when it is used for carrying more than one employee.

## 7.606
## Annual Lease Value Table

| **Automobile Fair Market Value** (1) | **Annual Lease Value** (2) |
|---|---|
| 0 to 999 | 600 |
| 1,000 to 1,999 | 850 |
| 2,000 to 2,999 | 1,100 |
| 3,000 to 3,999 | 1,350 |
| 4,000 to 4,999 | 1,600 |
| 5,000 to 5,999 | 1,850 |
| 6,000 to 6,999 | 2,100 |
| 7,000 to 7,999 | 2,350 |
| 8,000 to 8,999 | 2,600 |
| 9,000 to 9,999 | 2,850 |
| 10,000 to 10,999 | 3,100 |
| 11,000 to 11,999 | 3,350 |
| 12,000 to 12,999 | 3,600 |
| 13,000 to 13,999 | 3,850 |
| 14,000 to 14,999 | 4,100 |
| 15,000 to 15,999 | 4,350 |
| 16,000 to 16,999 | 4,600 |
| 17,000 to 17,999 | 4,850 |
| 18,000 to 18,999 | 5,100 |
| 19,000 to 19,999 | 5,350 |
| 20,000 to 20,999 | 5,600 |
| 21,000 to 21,999 | 5,850 |
| 22,000 to 22,999 | 6,100 |
| 23,000 to 23,999 | 6,350 |
| 24,000 to 24,999 | 6,600 |
| 25,000 to 25,999 | 6,850 |
| 26,000 to 27,999 | 7,250 |
| 28,000 to 29,999 | 7,750 |
| 30,000 to 31,999 | 8,250 |
| 32,000 to 33,999 | 8,750 |
| 34,000 to 35,999 | 9,250 |
| 36,000 to 37,999 | 9,750 |
| 38,000 to 39,999 | 10,250 |
| 40,000 to 41,999 | 10,750 |
| 42,000 to 43,999 | 11,250 |
| 44,000 to 45,999 | 11,750 |
| 46,000 to 47,999 | 12,250 |
| 48,000 to 49,999 | 12,750 |
| 50,000 to 51,999 | 13,250 |
| 52,000 to 53,999 | 13,750 |
| 54,000 to 55,999 | 14,250 |
| 56,000 to 57,999 | 14,750 |
| 58,000 to 59,999 | 15,250 |

For vehicles having a fair market value in excess of $59,999, the Annual Lease Value is equal to: *(.25 x the fair market value of the automobile)* + $500.

# Section 2
# Federal and State Tax Matters

## Chapter 8: Tax-Exempt Status



# 8.100: Introduction

The IRS considers member congregations, the schools they operate, as well as most other organizations affiliated with the Synod, as tax-exempt entities because they are organizations described in the Synod's group tax-exemption ruling under code section 501(c)(3) of the Internal Revenue Code. A copy of the IRS's letter describing which organizations are included in this ruling is in Section 8.410. Other Synod-related entities not described in this ruling must apply for their own separate tax-exempt status by electronically filing Form 1023.

Once your organization is tax-exempt, it's important to know what activities can put it in danger of losing its exemption or incurring costly sanctions or penalties. The law prohibits three types of activities by religious, non- profit organizations. They include private benefit (inurement), substantial lobbying and political campaigning. Until just recently the only recourse the IRS had for these violations was to revoke the entities' tax-exempt status. Because that was such a drastic step, the IRS tended to do that only in the most extreme cases.

However, since the enactment of the Taxpayer Bill of Rights 2 in 1996, if an exempt organization engages in an "Excess Benefit Transaction," the IRS can now impose intermediate sanctions, i.e., penalty taxes in lieu of (or in addition to) revoking the entity's tax-exempt status. This tax can be imposed on any "disqualified person" who profits from an excess benefit transaction and the organization's managers who knowingly participate in the transaction.

A disqualified person is anyone who is in a position to exercise substantial influence over the affairs of the organization. Excess Benefit Transactions are ones in which a certain disqualified person receives an economic benefit of greater value than the value of the consideration given. Examples include unreasonable compensation and bargain sales.

A disqualified person is penalized more severely than the organizational managers. He or she must pay an excise tax of 25 percent of the excess benefit amount, where the managers must pay an excise tax (in aggregate) that equals 10 percent of the excess benefit (to a maximum of $10,000). The following are steps that have been recommended to all non-profit organizations to avoid these taxes:

1. Review existing compensation agreements.
2. Establish an independent review committee to examine new compensation agreements.
3. Review all property transactions with "disqualified persons."
4. Review family relationships of disqualified persons to identify any potential excess benefit transactions.
5. Do not formulate compensation arrangements based on the organization's net revenues or net income.
6. When an excess benefit transaction is discovered, take immediate corrective action to avoid additional penalties.

See online training videos at *stayexempt.irs.gov*, found under the "Existing Organization" tab.

## 8.101: Political Campaign Prohibition

The IRS has begun an aggressive educational and enforcement campaign to make charities aware of the statutory rules against engaging in political activities. Accordingly, the Synod's Accounting Department is also reminding all synodical entities that their efforts, if any, to educate voters, must comply with tax code requirements concerning political campaign activities. The code absolutely prohibits churches and other religious organizations from endorsing or opposing any candidate for public office.

Whether a particular activity, action, or expenditure constitutes the conduct of prohibited political activity depends on all the facts and circumstances in each case. For example, organizations may sponsor debates or forums to educate voters. However, if the debate or forum shows a preference for or against a certain candidate, it becomes a prohibited activity.

The political activity prohibition does not restrict free expression by leaders of synodical entities who are speaking for themselves. However, ministers and others who commonly speak or write on behalf of a synodical entity must clearly indicate, at the time they do so, that their public comments in connection with political campaigns are strictly personal and not on behalf of the Synod or organization they represent. Partisan comments by employees or representatives of synodical organizations aimed at political candidates must never be made in official organization publications or at official church functions.

The entity could lose its tax-exempt status and/or be assessed an excise tax if the IRS finds it violating this prohibition. Also, contributions to organizations that lose their tax-exempt status are not deductible by the donors for federal income tax purposes.

The IRS discusses in greater detail the political prohibition in its fact sheet, FS-2006-17; Publication 1828, Tax Guide for Churches and Religious Organizations and also Revenue Ruling 2007-41. These publications and other information about the political campaign prohibition are available at *irs.gov.*

## 8.105: Congregations

Congregations listed in "The Lutheran Annual" are included in a blanket tax-determination letter from the IRS, updated June 3, 1992 (see 8.410). The listing of congregations is updated annually. ***Based on this letter, all listed congregations including those in the formative stages are exempt from income taxes as organizations described in Section 501(c)(3) of the Internal Revenue Code.***

## 8.110:
## Lutheran Schools

All schools (elementary and secondary) that are operated as an agency of an LCMS member congregation and are not separately incorporated are included in the blanket tax-determination letter from the IRS, updated June 3, 1992 (see 8.410). All schools separately incorporated but controlled by one or more LCMS member congregations may either request to be covered under Synod's blanket tax determination or obtain their own separate determination from the IRS that they are tax-exempt.

Without exception, each newly formed school must contact its district office so that it can be listed among the other schools published in "The Lutheran Annual." Upon contact, the district's educational executive will submit a "New School" form to the LCMS Statistical Department. For separately incorporated schools, this communication must occur before it may request to be included in Synod's blanket determination.

For the separately incorporated school to be covered by the Synod's group exemption, the following elements must be present in its articles of incorporation and bylaws:

1. Legal control by one or more LCMS member congregations.
2. Language that adequately contains all relevant references to items required by IRS Code Section 501(c)(3).

These references include but are not limited to the following:

- A clause limiting its purpose to one or more of the exempt purposes specified in IRS Code Section 501(c)(3).
- A clause limiting its activities to those fostering its exempt purposes.
- An article specifying that upon dissolution, its assets will be distributed to the Synod, or one of its member organizations.
- A clause that prohibits private advantage.
- A clause that properly restricts its political and lobbying activity.
- A clause pertaining to private foundation status and activity limitations.
- A clause providing that control of the organization is effected by the controlling congregation having the authority to appoint and remove either all or a majority of the directors of this organization.

It's extremely important that your legal counsel has reviewed the organizational documents for coverage of all the above elements to ensure the school qualifies for inclusion.

Before the 16th month after the school's incorporation date, a qualified school must submit a written request for participation under the Synod's group exemption. Use the form available in the Forms section of this manual titled, "Request and Authorization for Inclusion in the LCMS Group Tax Exemption." Upon completion, send it to:

LCMS Statistical Department
1333 S. Kirkwood Road
St. Louis, MO 63122-7295

A timely submission ensures the school's exemption on a group basis from the date of its incorporation. A request mailed to the Synod after the 15-month dead- line can only be recognized as exempt from the date that the school submits the formal request for inclusion (evidenced by postmark).

Schools operated by more than one congregation may also be identified as Recognized Service Organizations of the LCMS by submitting the required exhibits and the official "Letter of Agreement" provided by the LCMS. *(Find more RSO information on the LCMS website: lcms.org/how-we-serve/mercy/recognized-service-organizations.)*

## 8.115:
## Early Childhood Centers

If your early childhood center is part of the congregation's ministry, and not separately incorporated, then it may rely on the congregation's tax-exempt status.

However, if an early childhood center is separately incorporated, it has two options as to how it can become a tax-exempt entity. One option is to separately file (IRS Form 1023) and request its own tax-exempt status.

The other option is to request participation in the Synod's group ruling, ***if the early childhood center qualifies***. To qualify, it must be controlled by one or more LCMS congregations. This control must be authorized and evidenced in the center's articles of incorporation and bylaws. The control must also specifically provide that the authority to appoint and remove all or a majority of the directors of the center is vested in the voters' assembly or other official board or committee of the congregation(s). The center must also obtain and file with the Synod's Statistics Department a "Request and Authorization for Inclusion in the LCMS Group Tax Exemption" form. (A copy is available in the Forms section of this manual.) On this form, the center certifies that it is controlled by an LCMS congregation and that its articles and bylaws are in accordance with all the provisions of Internal Revenue Code Section 501(c)(3).

## 8.120:
## Other Organizations

Organizations associated with congregations that are not schools or early childhood centers may NOT be included in the Synod's Group Tax-Exempt Ruling. Those organizations must obtain their own separate tax-exempt status by filing IRS Form 1023 directly with the IRS.

## 8.130:
## Exemption from Filing Form 990 or Form 990-N

***Section 6033 of the Internal Revenue Code excuses certain organizations from filing Form 990, the information return generally required to be filed by tax-exempt organizations.*** Member congregations of the Synod are excused as churches by this section of the law, and this includes the school operated by the congregation under its own structure, that is, not separately incorporated or otherwise operated so as to be distinguishable from the congregation. All elementary and secondary schools are excused from filing Form 990, even if they are incorporated separately from the congregation or operated by two or more congregations. Neither of these entities are required to file the new Form 990-N, Electronic Notice (e-Postcard).

If a congregation receives a request from the IRS to complete and return a Form 990 or Form 990-N, the congregation should return the form to the appropriate IRS office and attach a letter stating that the congregation is exempt from filing Form 990 under Internal Revenue Code Section 6033, which specifically exempts churches, or under the Regulations to Section 6033, which exempt elementary and secondary schools.

## 8.140:
## Synod's Employer Identification Number (EIN)

Upon application, the IRS assigns each congregation and *(if separately incorporated)* school with their own Employer Identification Number (EIN) (see paragraph 7.310). It is used for all of the applicant's IRS filing and reporting requirements (e.g., payroll returns, unrelated business income, IRS Form 1099s, Form 5578). If the assigned EIN is reported incorrectly on such returns, processing can be delayed because the legal name of the organization and its EIN do not match according to the IRS's records.

However, other reporting situations may require the disclosure of Synod's EIN in addition to the church's or school's. The EIN number assigned to The Lutheran Church—Missouri Synod is **43-0658188**. Some common examples of when that number is needed includes: satisfying certain grant requirements, a pastor's filing of Forms 4361 or 2031, a congregational member's desire to bequeath to Synod or to designate it as a beneficiary of their trust assets. Using Synod's EIN for any inappropriate purposes is prohibited. If you're in doubt whether it's correct to report your organization's EIN or Synod's EIN, contact your district office.

## 8.150:
## Public Disclosure Requirements—Application for Tax Exemption

Section 6104(d) of the Internal Revenue Code requires every tax-exempt organization to allow public inspection of its application for recognition of tax exemption and last three (3) years of its Form 990 (including Form 990-T), if the organization is required to file that form. In the Synod, few entities are required to file Form 990. However, some may need to file Form 990-T, but only if any unrelated income exceeds $1,000 (see 11.110).

Because of the bulk of the documents related to Synod's Application for Recognition of Tax Exemption they may be requested. Congregations are not required to have these documents on file if they can be made available within a reasonable time from the district office. Also, they have been widely made available at *lcms.org*.

The IRS can assess penalties on any person failing to comply with this congressional mandate ("person" means any officer, director, trustee, employee or other individual whose duty it is to provide the requested documents). The penalty assessment can be $20 for each day such failure continues without limitation, and an additional $5,000 if the failure is found to be willful.

Should an individual request to see your tax-exempt application, you must be able to acquire a copy of the application for group exemption and make it available for public inspection.

The IRS broadly defines your application to include the following: the Synod's initial request for group exemption; any supporting documents filed by, or on behalf of, the Synod in connection with the request (including relevant legal briefs); any relevant IRS responses; and the page in the Synod's membership directory that lists your congregation by name.

Should an individual request to see the Synod's application for tax exemption or its Form 990-T, please refer them to the Synod's website or the Synod's Accounting Department — Tax & Compliance.

See *lcms.org/giving/transparency*.

## 8.155
## Synod's Group Exemption Number (GEN)

The group exemption number (GEN) is a number assigned by the IRS to the central/parent organization of a group that has a group exemption letter. The Synod has received such a letter from the IRS (see Sec. 8.410) and the GEN assigned to this group is **1709**. **Only subordinate units referenced by category in Synod's group exemption letter are tax-exempt under GEN 1709.**

## 8.160
## Verifying Tax Exempt Status

Included under Synod's group tax-exempt ruling are LCMS member congregations, the schools they operate and are not separately incorporated, as well as those that are separately incorporated and have consented in writing to be included. Occasionally, these entities need evidence of their “501(c)(3)” tax-exempt status. A request of this nature may be satisfied by providing a copy of the IRS tax-exempt group ruling acquired by the LCMS and reproduced in Section 8.410; and, also a copy of the page found inside “The Lutheran Annual” which lists your congregation or school as a member of the LCMS. Alternatively, anyone may contact the LCMS Accounting Department directly for verification. Either verification method may be used and are described in IRS Publication 4573. An LCMS congregation or a school it operates need not be listed on the Exempt Organization Business Master File maintained by IRS and posted on the internet at *irs.gov/charities-non-profits/exempt-organizations-business-master-file-extract-eo-bmf*. Donors, grantors or other interested persons may rely on LCMS verification in this respect.

# 8.400: IRS Rulings

## 8.405: Federal Tax Exemption

**Internal Revenue Service** | **Department of the Treasury**

District Director

230 South Dearborn Street
Chicago, IL 60604

The Lutheran Church-Missouri Synod
Attn: George Horensky
1333 South Kirkwood Road
St. Louis, Missouri 63122

**Date:** JUN 0 3 1992

5

**Re:** 43-06~~6~~8188

Gentlemen:

By means of a letter dated July 23, 1941, issued to you under your name at the time (Evangelical Lutheran Synod of Missouri, Ohio and Other States), you were determined to be organized and operated so as to be entitled to be exempt from federal income tax, and to be entitled to receive gifts for which the donors could claim deductions for federal income , gift and estate tax purposes. By means of a letter dated January 8, 1965, certain "subordinate" units were included in a group ruling, excluding, however, your commissions, committees, councils and your radio station, KFUO, all of which were observed to be merely activities of yours and not separate entities.

The purposes of this letter is to assure you that the Synod, including its boards, commissions, committees and councils, and any radio and television broadcast licenses owned by it and not structured as a corporation separate from the Synod, is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, is not required to file federal income tax returns, and contributions to which are deductible by donors as provided in Section 170, 2055, 2106, and 2522 of the Code.

Finally, you may refer to this letter by its date in referring to our determination that you are an exempt organization.

Sincerely yours,

R. S. Wintrode Jr.

R. S. Wintrode, Jr.
District Director

## 8.410:
## Group Tax-Exempt Ruling

**Internal Revenue Service** | **Department of the Treasury**

District
Director

230 South Dearborn Street
Chicago, IL 60604

Lutheran Church-Missouri Synod
Attn: George Horensky
1333 South Kirkwood Road
St. Louis, Missouri 63122

**Date:** JUN 03 1992

5

**Re:** 43-06~~0~~8188

Gentlemen:

In a letter dated January 8, 1965 your organization was issued a group ruling under Code Section 501(c)(3) of the Internal Revenue Code to cover your subordinate units. Based on the information recently submitted it is held that the subordinate units referenced below by category are those to be covered by the group ruling:

1. Your fund-raising and fund-administering entities, presently consisting of The Lutheran Church-Missouri Synod Foundation.

2. Your archives, presently consisting of Concordia Historical Institute.

3. The districts of the Synod existing within the United States, including the circuits within those districts.

4. The incorporated church extension, funds of the Synod and its districts, presently consisting of (i) Lutheran Church Extension Fund-Missouri Synod, (ii) Ohio District Lutheran Church Extension Fund, Inc., (iii) The Church Extension Board of the Michigan District of the Lutheran Church-Missouri Synod, and (iv) The Southeastern District-Lutheran Church Missouri Synod Church Extension Fund, Inc.

5. The institutions of higher education of the Synod.

6. The member congregations of the Synod, including those in the formative stages of membership.

7. The elementary schools, middle schools and junior high schools, and high schools (a) that are operated by member congregations of the Synod and are not separately incorporated, (b) as well as those that are either separately incorporated or are otherwise identified as entities separate from congregations and which have consented in writing to be included in this group ruling.

Donors may deduct contributions to these organization as provided in Section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to your or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of Code Sections 2055, 2106, and 2522.

*(Continued on next page.)*

Because this letter could help resolve any questions about subordinates which are covered by this ruling, you should keep it in your permanent records.

Sincerely yours,

R. S. Wintrode, Jr.
District Director

# Chapter 9: Lutheran Schools and Early Childhood Centers

# 9.100: Employee Tuition Reduction

## 9.110: Qualified Tuition Reduction

This is a tax-free benefit available to all employees of "qualified educational organizations" whereby "qualified recipients" may receive tuition reductions of any amount up to 100 percent. A qualified educational organization must:

1. Maintain a regular faculty,
2. Maintain a curriculum, and
3. Have regularly enrolled students.

The IRS has recognized that even preschools can meet these requirements if they have a "professional" faculty and maintain and follow a curriculum.

**Qualified recipients include:**

1. Current employees
2. Former employees who retired or left on disability
3. Widow or widower of an individual who died while an employee
4. A dependent child or spouse of any person listed above

If you decide to offer this benefit, the tuition reduction plan should be in writing. Please note that to be excludable, the IRS requires "the reductions must be made available on substantially the same basis to each member of a group of employees, defined under a reasonable classification set up by the employer which does not discriminate in favor of highly compensated employees." According to IRS, highly compensated employees are those earning compensation in 2021 in excess of $130,000 per year (indexed annually for inflation). Salary scales of Lutheran schools generally do not reach that level, therefore any reasonable and fair classification would not be considered discriminatory by IRS's definition. The IRS also states that in order to receive a tuition reduction on a tax-free basis, the employee must already be receiving reasonable compensation for his/her services. For example, if you are paying other similarly qualified teachers the reasonable compensation of $25,000, you could not pay another one $15,000 and a tuition reduction without the reduction amount being considered taxable income.

Tuition reductions can be made available not only at the employee's school but also at another LCMS school, if the appropriate provisions are made. These provisions would include an agreement between the two schools that would provide for a tuition reduction program for employees of both schools and that such reductions could be applied to either school's tuition.

Although this benefit is available for any school employee (including commissioned teachers) regardless of position, some recognized experts in the field of church and clergy tax law agree that this tuition reduction would not apply to employees (e.g., the pastor) of a church that operates a private school. That being the case, pastors must treat the reduced tuition amount as income subject to income tax and self-employment tax. While there is some argument that the pastor's magnitude of involvement in the school might make him eligible for the tax-free savings, there is no guarantee that the IRS would share that idea and refrain from considering his duties to be more religious than educational. A call document that lists sufficient responsibilities for the school would strengthen the pastor's eligibility for this benefit.

# 9.200: Funding

## 9.204: Organizational Form

Schools operated by one congregation are encouraged not to incorporate separately but to operate fiscally as an agency of the congregation.

However, some Lutheran schools or preschools are separately incorporated because of their special nature or relationship with the congregation or congregations operating them. An attorney can explain both the advantages and disadvantages that come with a separate corporation.

Whether the school operates as an agency of the congregation or organizes as a separate legal entity, its organizational documents must contain certain provisions for recognition of federal income tax exemption. Refer to Chapter 8 for more details.

## 9.205: Contributions Versus Tuition

The IRS in Revenue Ruling 83-104 provides guidance in determining when payments to private schools must be regarded as tuition payments and when they may be treated as deductible charitable contributions.

LCMS congregations with schools as well as those that contract with another Lutheran school and pay a portion or all of the education costs of its members are subject to this ruling. Thus, whether or not either type can treat payments received from its members attending school as contributions according to the IRS regulations discussed in Chapter 10, depends on whether its method of funding meets the criteria of this Revenue Ruling.

In the first part of the ruling, the IRS describes six situations. Based on their facts, the Service differentiates between payments treated as tuition and those eligible as charitable contributions. Each of these situations and the IRS's holdings should improve your understanding of how the IRS may view your members' payments to operate a school. See 9.206.

The second part of the ruling stipulates certain criteria that, in addition to those referenced in the examples, must also be followed to ensure the deductibility of contributions by parents who have children in parochial schools at the preschool, elementary and secondary levels and in child care agencies.

## 9.206: Explanation of Revenue Ruling 83-104

The following are the six examples cited in the IRS's ruling and their holdings.

**Facts—General**

In each of the situations described next, the donee organization operates a private school and is an organization described in Section 170(c) of the Internal Revenue Code. In each situation, a taxpayer who is a parent of a child who attends the school makes a payment to the organization. In each situation, the cost of educating a child in the school is not less than the payments made by the parent to the school.

**Facts—Situation 1**

Organization "S," which operates a private school, requests the taxpayer to contribute $400 for each child enrolled in the school. Parents who do not make the $400 contribution are required to pay $400 tuition for each child enrolled in the school. Parents who neither make the contribution nor pay tuition cannot enroll their children in the school. The taxpayer paid $400 to "S."

**Holding—Situation 1**

The taxpayer is not entitled to a charitable contribution deduction for the payment to organization "S." Because the taxpayer must either make the contribution or pay the tuition charge in order for his/her child to attend "S's" school, admission is contingent upon making a payment of $400. The taxpayer's payment is not voluntary, and no deduction is allowed.

**Facts—Situation 2**

Organization "T," which operates a private school, solicits contributions from parents of applicants for admission to the school during the period of the school's solicitation for enrollment of students or while the applications are pending. The solicitation materials are part of the application materials or are presented in a form indicating that parents of applicants have been singled out as a class for solicitation. With the exception of a few parents, every parent who is financially able makes contributions or pledges to make a contribution to "T." No tuition is charged. The taxpayer paid $400 to "T," which was the amount suggested by "T."

**Holding—Situation 2**

The taxpayer is not entitled to a charitable contribution deduction for payment to organization "T." Because of the time and manner of the solicitation of contributions by "T," and the fact that no tuition is charged, it is not reasonable to expect that a parent can obtain the admission of his/her child to "T's" school without making the suggested payments. Under these circumstances, the payments made by the taxpayer are in the nature of tuition, not voluntary contributions.

**Facts—Situation 3**

Organization "U," which operates a private school, admits or readmits a significantly larger percentage of applicants whose parents have made contributions to "U" than applicants whose parents have not made contributions. The taxpayer paid $400 to "U."

**Holding—Situation 3**

The taxpayer is not entitled to a charitable contribution deduction for contributions to organization "U." The IRS will ordinarily conclude that the parents of applicants are aware of the preference given to applicants whose parents have made contributions. The IRS will therefore ordinarily conclude that the parents could not reasonably expect to obtain the admission of their child to the school without making the transfer, regardless of the manner or timing of the solicitation by "U." The IRS will not so conclude, however, if the preference given to children of contributors is principally due to some other reason.

**Facts—Situation 4**

Organization "V," a society for religious instruction, has as its sole function the operation of a private school providing secular and religious education to the children of its members. No tuition is charged for attending the school, which is funded through "V's" general account.

Contributions to the account are solicited from all society members, as well as from local churches and nonmembers. Persons other than parents of children attending the school do not contribute a significant portion of the school's support. Funds normally come to "V" from parents on a regular, established schedule. At times, parents are personally solicited by the school treasurer to contribute funds according to their financial ability. No student is refused admittance to the school because of the failure of his/her parents to contribute to the school. The taxpayer paid $400 to "V."

**Holding—Situation 4**

Under these circumstances, the IRS will generally conclude that the payment to organization "V" is nondeductible. Unless contributions from sources other than parents are of such magnitude that "V's" school is not economically dependent on parent's contributions, parents would ordinarily not be certain that "V's" school could provide educational benefits without their payments. This conclusion is further evidenced by the fact that parents contribute on a regular, established schedule. In addition, the pressure placed on parents through the personal solicitation of contributions by "V's" school treasurer further indicates that their payments were not voluntary.

**Facts—Situation 5**

Organization "W" operates a private school that charges a tuition of $300 per student. In addition, it solicits contributions from parents of students during periods other than that period of the school's solicitation for student enrollment or the period when applications to the school are pending. Solicitation materials indicate that parents of students have been singled out as a class for solicitation and the solicitation materials include a report of "W's" cost per student to operate the school. Suggested amounts of contributions based on an individual's ability to pay are provided. No unusual pressure to contribute is placed upon individuals with children in the school, and many parents do not contribute. In addition, "W" receives contributions from many former students, parents of former students, and other individuals. The taxpayer paid $100 to "W" in addition to the tuition payment.

**Holding—Situation 5**

Under these circumstances, the IRS will generally conclude that the taxpayer is entitled to claim a charitable contribution deduction of $100 to organization "W." Because a charitable organization normally solicits contributions from those known to have the greatest interest in the organization, the fact that parents are singled out for a solicitation will not in itself create an inference that admissions or any other benefit depend on a contribution from the parent.

**Facts—Situation 6**

Church "X" operates a school providing secular and religious education that is attended both by children of parents who are members of "X" and by children of nonmembers. "X" receives contributions from all its members. These contributions are placed in "X's" general operating fund and are expended when needed to support all church activities. A substantial portion of the other activities are unrelated to the school. Most members of "X" do not have children in the school, and a major portion of "X's" expenses are attributable to its non-school functions. The methods of soliciting contributions to "X" from church members with children in the school are the same as the methods of soliciting contributions from members without children in the school. "X" has full control over the use of the contributions it receives. Members who have children enrolled in the school are not required to pay tuition for their children, but tuition is shared for the children of nonmembers. Taxpayer, a member of "X" and whose child attends "X's" school, contributed $200 to "X" during the year for "X's" general purposes.

**Holding—Situation 6**

The IRS will ordinarily conclude that the taxpayer is allowed a charitable contribution deduction of $200 to organization "X." Because the facts indicate that "X's" school is supported by the church, that most contributors to the church are not parents of children enrolled in the school, and that contributions from parent members are solicited in the same manner as contributions from other members, the taxpayer's contributions will be considered charitable contributions and not payments of tuition, unless there is a showing that the contributions by members with children in "X's" school are significantly larger than those of other members. The absence of a tuition charge is not determinative in view of these facts.

Each of the above examples highlights relevant issues that the IRS uses in determining whether payments will be considered tuition or deductible charitable contributions. In Situation 6, the IRS noted several conditions, two of which appeared very instrumental in its holding that the payments were deductible charitable contributions. The first was that most contributors to the church were not parents of children enrolled in the school. The second was the absence of the fact that contributions to the church by members with children in the school were significantly larger than those of other members.

Revenue Ruling 83-104 lists certain propositions that, in the opinion of the IRS, are accepted rules of tax law. Tuition, registration and fee payments are not deductible. Payments to a church that operates a school, earmarked for the education of a certain child, are not tax deductions but are really tuition payments under another name.

The test of deductibility is whether or not the admission of a child is contingent upon someone making a contribution or in some way converting defined tuition payments into contributions for tax-deduction purposes. The ruling states that a contribution deduction will be disallowed unless, under all the circumstances, the payment is a voluntary contribution made with no expectation of obtaining a benefit.

Revenue Ruling 83-104 states that any one of the following factors will result in a denial of a tax deduction of dollars paid by the parent to the school or organization operating a school. Each church or separate corporation operating the school must avoid all of the Group 1 factors to ensure parent tax deductions.

**GROUP 1**

1. The existence of a contract with a provision that guarantees a child's admission if the parent makes a contribution. The provision may be written or unwritten.
2. A plan allowing parents either to pay tuition or to make contributions in exchange for schooling.
3. A contribution earmarked for the benefit of a particular student.
4. Denying a child's admission to a school if parents are able but do not contribute.

Revenue Ruling 83-104 states that if any combination of two or more of the following factors is in evidence a presumption of nondeductibility arises:

**GROUP 2**

1. No significant tuition for any student is charged by the organization operating
the school.
2. Pressure to contribute is applied to parents of children attending the school.
3. Contribution appeals are part of the admission or enrollment process.
4. Apart from parent contributions, there is no other source of school operating revenue.
5 Some evidence suggests a contribution policy exists in order to avoid tuition payments.

If a combination of the foregoing factors is not present, normally the voluntary contributions by a parent will be considered tax deductible. Each church or separate corporation operating a school must avoid a combination of two or more Group 2 factors to ensure parent tax deductions.

In structuring a parochial school's method of funding, any procedures or techniques that would lead to any of the factors in Group 1 or any two or more of the factors in Group 2 must be avoided in order to safeguard the deductibility of contributions made by a parent in excess of any tuition charges to a parent. The following will assist in structuring a school or its soliciting of contributions.

1. All factors identified in Group 1 must be avoided. The church or organization operating the school should have a policy stating that contributions either equal to or in excess of tuition are not necessary to gain a child's admission to the school.
2. The policy should further state that if the school cannot accept all qualified applicants for admission, no parental contribution will create an admission preference.
3. All books and record-keeping procedures are to indicate that no contributions are earmarked for a specific child's education.
4. Whenever an applicant is denied admission, a permanent written record exists that verifies that there is no pattern for denying admission on the basis of parental ability or inability to make a contribution.

The most important task is to make certain that the school, church or other organization operating the school adopts policies and practices that evidence a prevention of Group 1 and any combination of Group 2 factors. If such policies are not established, contributions of parents are placed in jeopardy and may be found to be nondeductible by the IRS if an IRS audit is conducted.

## 9.215: Sample Policy Statements

In order to protect the deductibility of contributions made to a congregation or organization operating a school, written policies are necessary. They should be designed to prevent practices that will lead to nondeductibility of contributions.

The following sample policy statements are given by way of suggestion only. Their applicability to any congregation operating a school will depend on each situation. In both examples, policies were carefully writ- ten to avoid the presence of Group 1 factors as stated in Revenue Ruling 83-104, as well as, any combination of Group 2 factors. These options are merely suggestions for a congregation developing a set of working policies to operate a Lutheran school.

**OPTION 1:**

*(Designed for a church-operated school that is supported through contributions to the general budget of the church. Reduced or zero tuition is charged for children of congregation members.)*

**1. Admissions and enrollment**

Admission and enrollment of a child of any member of the congregation will not be denied because of a failure of that member to financially contribute to the congregation in excess of the tuition charged for admission of that child to the school. Admission policies and preferences will be based on such factors as membership in the operating congregation, payment of tuition and other fees charged to the student, academic qualification, prior disciplinary record or history of the child, and the school's ability to provide an appropriate educational program for the child.

**2. Solicitation of contributions**

All solicitations of contributions for the benefit of the school shall be made generally to the entire church membership and not, at any time, solely to those members who are parents of children enrolled in the school. No solicitation of contributions to the congregation shall accompany recruitment, admissions or enrollment materials or shall be made at the time of admission or enrollment of students to the school.

**3. Tuition**

Tuition shall be charged to students enrolled in school in accordance with an established criterion. Under no circumstances will tuition be waived under a verbal, written or otherwise implied agreement with any parent or other contributor who offers to contribute financially to the congregation or school in place of paying a tuition charge. Contributions by the parents of a student to the congregation or school in no case affect the amount of tuition due and payable.

**OPTION 2:**

*(Designed primarily for a church-operated school that charges significant tuition similarly to children of members and nonmembers.)*

**1. Admissions and enrollment**

Admission and enrollment of a child of any member of the congregation will not be denied because of a failure of that member to financially contribute to the congregation in excess of the tuition charged for admission of that child to the school. Admission policies and preferences will be based on such factors as membership in the operating congregation, payment of tuition and other fees charged to the student, academic qualification, prior disciplinary record or history of the child and the school's ability to provide an appropriate educational program for the child.

**2. Solicitation of contributions**

Solicitation of parents of students in the school for contributions to the school (in excess of tuition charged) shall be made only during periods other than the school's recruitment, enrollment and admissions periods. No unusual pressure shall be placed upon any parent who fails to contribute.

**3. Tuition**

Tuition shall be charged to students enrolled in school in accordance with an established criterion. Under no circumstances will tuition be waived under a verbal, writ- ten or otherwise implied agreement with any parent or other contributor who offers to contribute financially to the congregation or school in place of paying a tuition charge. Contributions by the parents of a student to the school or congregation in no case affect the amount of tuition due and payable.

## 9.216:
## Scholarship Funds

Scholarship funds for the purpose of paying a student's tuition to a parochial school will not jeopardize tax deductions when they are established by a church and are not used as a means to replace what would otherwise be characterized as tuition. The operation of any scholarship fund should be carefully documented to clarify that contributions to the fund are controlled and expended solely by the governing board or another appropriate agency of the church or organization operating the school. Scholarship funds, in themselves, are not harmful to the deductibility of contributions to the church or fund if properly structured and administered.

Proper structure includes defining beneficiaries based on nondiscriminatory criteria. The congregation must use great care if its grants or awards are provided for students who are employees or related to employees of the congregation. Any award or grant that is provided for the benefit of an employee or the relative of an employee (regardless if the award or grant is taxable or not to the employee) should be part of a regular congregational program available to all congregational employees. Any type of special arrangement for one particular employee must be avoided. Administration is done improperly if any contributions to the fund are allowed to be earmarked for certain individuals.

## 9.217:
## Student Aid Grants

Any amount given by a church as a qualified scholarship to someone who is a candidate for a degree at a qualified educational organization, should not be considered part of the recipient's gross income as long as the amount is used for qualified tuition and related expenses, such as fees, books, supplies and equipment required for instruction. If the recipient of the gift has met the requirements, no Form 1099 is required.

## 9.218:
## Continuing Education Grants

The recipient of a grant for continuing education need not receive a Form 1099 from the grantor and does not need to consider the grant income if the recipient is required to participate in the educational program to maintain his current job status.

## 9.220:
## Parents Volunteering for Tuition Credit and Youth Fundraising

The IRS has broadly interpreted a worker's "compensation" to also include the amount of free or reduced tuition that is given to a parent in consideration for his or her service to the school or church. A worker is no longer considered to be "volunteering" if he or she receives something of value "in kind" for his or her service. In the situation of a working parent whose child is enrolled in the school, it is the student's waived tuition amount normally charged to nonworking parents that will constitute the worker's taxable wage amount. In a school or church's youth program, it might be the amount earned by each youth (or parent) accounted for and set aside in individual accounts to help subsidize camp expenses. Receiving personal benefits in each of these examples are forms of compensation.

Based on that determination, the employer must report and withhold this worker's taxes (income, FICA and state, if any) and pay the employer's share of the FICA. To serve this purpose, the employer can do one of the following: 1) require the parents to reimburse their share of this tax liability, 2) equitably record a reduction to the tuition credit, or 3) "gross-up" their taxable compensation for any taxes the employer decides to pay on the parents' behalf. If you need guidance concerning how to "gross-up" (increase) an employee's taxable wages for the employer's payment of employee's taxes, see Publication 15-A.

Also, the payment of compensation in this manner may in some situations subject the church or school to unrelated business income tax (UBIT). Some money raising activities are tax exempt only because substantially all the work is done by volunteers (see CTM Sec. 11.117). However, when the same activity is done with the use of compensated workers (including youth), it may become taxable.

To avoid tax, the parents or youth can be working, earning or fundraising to offset expenses for a particular ministry event, but the monies should be pooled and no pressure imposed on “slackers” to work their “fair share.” The idea is for volunteers to be working to promote the ministry of the church, not to benefit themselves directly.

See IRS Publication 3079 for an example of when reduction of tuition is considered compensation to the parents.

# 9.300: Other

## 9.305: Certification of Racial Nondiscrimination

Because Form 990 ordinarily would be used by non- church private schools to satisfy requirements for the certification of racial nondiscrimination, which must be made annually by all schools *(elementary, secondary, early childhood and child care centers)*, **Form 5578 must be filed annually by congregations that operate schools to comply with federal tax law. Schools include early childhood, elementary, secondary and child care agencies.**

You can download and print this form free from the IRS at *irs.gov*. In addition to the certification, there are publication and record-keeping requirements. Each church operating a school or each separately incorporated school must satisfy the requirements annually in order to preserve its tax-exempt status. **The deadline is May 15 for schools that have a fiscal year that follows the calendar year (Jan. 1—Dec. 31). A school that has a different fiscal year must submit Form 5578 by the 15th day in the fifth month following the end of the fiscal year.** For example, the deadline is November 15 for a school that uses a fiscal year end of June 30. A summary of these requirements follows:

A. The governing body of each school must pass a policy of racial nondiscrimination. Any brochures, handbooks or catalogs dealing with student admissions, programs and scholarships must include a statement of this policy.

B. If a school issues written advertising other than catalogs, handbooks and brochures as a means of informing prospective students of its programs, the written advertising should contain the following statement: “***(Name of school)*** admits students of any race, color, and national or ethnic origin.”

C. All schools must publish a notice of racial nondiscrimination each year during the school’s registration period. If 75 percent or more of the students at the school for the past three years have been Lutheran, whether members of the Synod or of another Lutheran denomination, the school may publish this notice in the bulletin(s) of the sponsoring congregation(s), if the bulletin of each congregation is distributed at Sunday services and is mailed to all members of the congregation.

   If the school does not meet the 75 percent test, the notice must be published in a newspaper of general circulation that serves all racial segments of the community. Details on the required form of the notice are contained in the bulletin from LCMS School Ministry.

D. All schools must maintain certain records for inspection, when requested, by the IRS.

E. Every year, each school must file a Form 5578 with the IRS by the appropriate deadline. A copy of this form is available in the forms section of this manual. In filling out Form 5578, on line 2a: show “Lutheran Church—Missouri Synod, 1333 S. Kirkwood Road, St. Louis, MO 63122”; 2b: “43-0658188”; 2c: “1709.”

## 9.310: Federal Excise Tax Exemptions

Sales to “nonprofit educational organizations” are not subject to certain manufacturer’s excise taxes and the federal tax on communication services. Synod’s colleges and seminaries and schools of member congregations qualify as “nonprofit educational organizations” within the meaning of that term.

## 9.315: Manufacturer’s Excise Tax

Nonprofit educational organizations are exempt from this federal tax as it applies to sport fishing equipment, archery equipment, certain firearms, tires, gasoline and diesel fuel (for use in school buses only).

When a nonprofit educational organization buys the items, an IRS Form 637, “Application for Registration,” must be shown, and the tax will be deducted directly from the price. Form 637 can be obtained or downloaded and printed from the IRS at *irs.gov* and must be completed by the educational organization (or the operating congregation if the school is not separately incorporated), then filed with and validated by the director of the IRS district office.

If tax is paid on the retail sale of gasoline or diesel fuel used in school buses, a nonprofit educational organization, with a validated Application for Registration, may apply for a refund of the excise tax by filing an IRS Form 8849. See IRS Publication 510 for additional information.

## 9.320: Tax on Communication Services

This federal tax applies to local telephone service. ***Only communication services furnished to a nonprofit <u>educational organization</u> are exempt from this tax.*** In order to claim the exemption, the school must furnish to the organization supplying the services a proper exemption certificate. The form of the certificate for use by or on behalf of a school operated as an activity of a church is reproduced in paragraph 9.321 and may be completed and signed by any officer of the church or school.

### 9.321:
### Communication Exemption Certificate

*(For educational organizations only)*

**(Date)**

**EXEMPTION CERTIFICATE**

The undersigned hereby certifies that ***(he/she)*** is ***(title or capacity)*** of ***(school or church)***; that ***(he/she)*** is authorized to execute this certificate; and that the communication services or facilities furnished or to be furnished to the institution by (telephone company) will be paid for from the funds of the institution and are for the exclusive use of the school.

The school, operated as an activity of the church, normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on.

The undersigned understands that the fraudulent use of this certificate for the purpose of securing this exemption will subject ***(him/her)*** and all guilty parties to a fine of not more than $100,000 ($500,000 for corporations), or to imprisonment for not more than five years, or both, together with costs of prosecution (IRC Section 7201).

***(Signature of authorized individual)***
***(Address)***

### 9.322:
### Discounts on Telecommunications

The Federal Communications Commission discounts certain telecommunication services provided to schools — the "E-Rate Program." The discount ranges between 20 and 90 percent. The discounted services include everything from basic telephone service, computer network wiring, internet service provider fees, to highly advanced videoconferencing services. The level of discount is related to the number of enrolled students who are eligible for the Federal School Lunch Program. For more information, visit the Schools and Libraries Division website at *fcc.gov/general/e-rate-schools-libraries-usf-program* or call toll-free at 888-203-8100.

# 9.400:
# Compensation

### 9.410:
### Elections to Defer Salary

Some schools pay their salaried employees ratably over the 10-month school year or spread their pay over 12 months. Others allow their employees a choice in that regard. Those institutions offering this election to its employees must follow these rules to avoid adverse tax consequences:

- The employee's election must be in writing.
- The election must be made before the beginning of the first day of school for which the employee is paid (in some cases it may be before the first day students arrive for class) — this is the deadline date.
- The election must be irrevocable, so that it can't be changed after the work period begins (e.g., not in the middle of the school year).
- The election must state how the compensation is going to be paid (for example, ratably over the 12 months starting with the beginning of the school year).
- No particular form is necessary for the election and it does not have to be filed with the IRS.
- If the employee fails to submit the election by the deadline date, the employee must be paid in the same way as other employees who do not make an election.

These election rules do not have to be detailed in any specific type of plan document. They can be provided in any other applicable document, such as an employee handbook or school board rules and regulations.

The elections, once made, do not have to be made every year. They can remain in effect indefinitely until the employee changes his or her election. However, any change must be made before the beginning of the school year to which the change applies and can only apply prospectively to that future school year.

For more information on this topic, refer to IRS's news release IR-2007-142 which can be found at *irs.gov/pub/irs-news/ir-07-142.pdf*.

# Chapter 10: Contributions by Donors

# 10.100: Introduction

Since the 19th century, the United States has been recognized as a nation in which private individuals, rather than the government, provide charities with the necessary funds to perform social and religious functions and services for the benefit of the general public. In recognition of this fact, the federal tax laws allow income, estate and gift tax deductions for contributions made to charities.

This chapter will touch briefly on the tax aspects of charitable giving to churches. It is not intended by any means to be an authority for contributions, but it is an outline of general information for congregational treasurers and financial officers. The chapter addresses only contributions to churches or parochial schools. In cases where additional information is needed, it is suggested that an accountant, attorney or the district or synodical office be consulted.

The Lutheran Church—Missouri Synod's (LCMS) Stewardship Ministry helps congregations grow in their understanding and implementation of a life of faithful, Christian stewardship. Stewardship Ministry produces and freely distributes Bible studies, research, newsletter articles, bulletin sentences, prayers and many other stewardship resources. It also plans education opportunities and provides ongoing support for pastors and lay leaders as they implement Christ-centered stewardship plans in their congregations.

# 10.200: What Is a Contribution?

## 10.205: Definition

To be deductible, a contribution must satisfy several requirements:

1. It must be a gift of cash or other property.
2. It must be made before the close of the tax year for which the contributor is claiming a deduction.
3. It must be unconditional and without material personal benefit to the contributor.
4. It must be made to or for the use of a qualified organization.
5. It must not be in excess of the amount allowed by law.
5. It must be properly substantiated.

## 10.210: Services

The value of services, including professional services (accounting, legal, janitorial, etc.), rendered to a charity does not qualify as a charitable contribution deduction.

***A church member who donates his/her labor in helping to construct a church is not entitled to deduct the value of his/her labor.***

## 10.215: Out-of-Pocket Expenses of Donors

Although a deduction is not allowed to charitable donors for the contribution of services, unreimbursed out-of-pocket expenses incurred while performing volunteer services may qualify for a charitable-contributions deduction. Such expenses must be attributable solely to the rendition of gratuitous services and must not be primarily for the personal benefit of the taxpayer.

For example, the tax court has ruled that the costs of traveling to and from church to participate in practices and to sing with the choir during services does not qualify as a contribution since participation in the choir is deemed a form of worship that primarily benefits the member and only indirectly benefits the church.

Out-of-pocket expenses of $250 or more must be substantiated. Substantiation requires the following:

1. You must have adequate records to prove the amount of the expenses.
2. You must get an acknowledgment from the qualified organization that contains:
   a. A description of the services you provided,
   b. A statement of whether or not the organization provided you any goods or services to reimburse you for the expenses you incurred,
   c. A description and a good faith estimate of the value of any goods or services (other than intangible religious benefits) provided to reimburse you, and
   d. A statement that the only benefit you received was an intangible religious benefit, if that was the case.

## 10.220: Travel Expenses

Unreimbursed travel expenses incurred by an individual in serving a qualified donee are deductible as charitable contributions. Travel expenses include amounts spent on food and lodging if spent while en route or away from home overnight. The basis for automobile expenses can be the IRS standard mileage rate of 14 cents per mile or actual receipts for gas and oil.  You may not deduct general repair, maintenance, depreciation, registration fees or the costs of tires and insurance.

## 10.225: Convention Delegates

Individuals sent as delegates to a church convention may deduct unreimbursed costs of attending such conventions. However, the individual must attend the convention as a delegate or representative of the church, not merely as an individual member of the church attending on his or her own.

### 10.230:
### Child Care

Expenses incurred by individuals in caring for their children while performing gratuitous services for a church or school do not qualify as charitable contributions.

### 10.240:
### Benefit-to-Donor Rule

To be deductible by the donor, the contribution must be unconditional, that is, the donor must irrevocably divest himself/herself of title and control over the gift, and the donor must not receive a benefit for the contribution. Contributions that are earmarked or restricted by the donor are deductible and can be accepted by the donee as long as the contribution is for the tax-exempt purpose of the organization and the organization has full control of the donated funds and the discretion as to their use (see 10.700).

In the case where the donee offers books, tickets, admission to events or other promotional material to donors as a means of soliciting contributions, the donor may deduct as a charitable contribution only the amount by which the contribution exceeds the fair market value of the merchandise he or she receives in return for his or her contribution. Organizations offering promotional gifts to contributors should be careful not to imply that such contributions are "fully deductible" (see 10.520 and 10.525).

Another situation in which the benefits-to-donor rule applies is to tuition paid on behalf of children attending parochial or church-sponsored schools. Such tuition payments are not deductible (see 9.205).

Also, the cost to purchase a raffle ticket is not deductible.

## 10.300:
## Timing of the Contribution

A charitable contribution deduction by an individual is allowed only in the year in which the contribution is actually paid or the gift is given, regardless of whether the donation is on a cash or accrual basis and regardless of when the cash contribution was pledged. IRS Regulations clarify that a charitable contribution of cash or money includes a "transfer of a gift card redeemable for cash, and a payment made by credit card, debit card, electronic funds transfer (as described in section 5061(e)(2), an online payment service, or payroll deduction." However, the amount of a contribution to a qualified donee made by a charge to a bank credit card is deemed paid at the time the amount is charged, regardless of when the bank is repaid.

If payment of the contribution is made by check, the contribution is deemed made on the date the check is mailed or delivered to the donee, provided the check subsequently clears the bank. However, if the check is subsequently dishonored upon presentation to the bank, there is no payment and a contribution deduction will be allowed only in the year in which the check is actually paid or sufficient funds are deposited to cover the check. Similarly, if the donee agrees not to cash the check until the year following delivery, the check will be considered paid in the later year.

## 10.400:
## Qualified Organizations

Only contributions to qualified organizations or their authorized agents are deductible, and the Internal Revenue Code defines qualified organizations to include, among others, a corporation, trust or fund:

1. Created or organized in the United States or in any United States possession;
2. Organized and operated exclusively for religious, educational, or other charitable purposes;
3. No part of the net earnings of which inures to the benefit of any private individual;
4. Not disqualified for tax exemption under Section 501(c)(3) by reason of attempting to influence legislation, and which does not participate or intervene in any political campaign on behalf of any candidate for public office.

Requirements of state law determine whether a lawful agency relationship exists between a qualified charitable organization and a for-profit entity engaged to solicit donations, accept, process or liquidate donated assets, and provide each donor with substantiation of his or her gift.

***All synodical congregations and their auxiliary organizations and schools are exempt as Section 501(c)(3) organizations and are included in the Synod's blanket tax exemption, GEN 1709, (see 8.410) and thus are qualified organizations.***

A list of eligible donees and an organization's tax-exempt status may be confirmed by calling 877-829- 5500 or by using the link to "Exempt Organization Search" found on the internet at *irs.gov/charities-non-profits/search-for-tax-exempt-organizations* (direct link: *apps.irs.gov/app/eos*) and also searching in the Exempt Organizations Business Master File Extract (EO BMF).

### 10.405:
### Contributions Earmarked for Foreign Charitable Organizations

**Generally speaking, contributions earmarked for a foreign charitable organization (nonqualified) are nondeductible. If a synodical congregation and their auxiliary organizations and schools receive contributions for this specific purpose, a receipt should be given to the donor stating that the contribution is nondeductible.**

On the other hand, a qualified organization that transmits some of its general funds to a nonqualified charitable organization can do so without jeopardizing the deductibility of its members' contributions. The deduction is preserved because the use of such funds is subject to control by the church. The church, however, must not have entered into an agreement with the nonqualified organization to conduct a solicitation campaign that represents to prospective contributors that the raised funds will go to the nonqualified organization. Refer to Revenue Ruling 63-252, for more detailed information.

An exception is made for a domestic organization and its own tightly controlled foreign subsidiary. In this case, contributions solicited by the domestic organization for the specific purpose of carrying out its charitable activities in the foreign country are deductible.

# 10.500: Reporting Contributions

## 10.505: Introduction

All charities, including congregations and other synodical organizations, provide certain information to donors for certain types of donations. Cash and noncash contributions of $250 or more may no longer be substantiated by the donor's canceled checks or other records. Rather, the IRS now requires that they be substantiated by statements or receipts prepared by the organization and maintained by the individual. The IRS also requires that these statements or receipts contain certain prescribed information. An organization that knowingly provides false written substantiation to a donor may be subject to the penalties for aiding and abetting an understatement of tax liability under Section 6701 of the Code. Substantiation requirements are applicable to one-time contributions of $250 or more when made through payroll deduction, bank debit, credit card, or text-to-give the same as if made by cash or check.

In addition, new requirements now exist for certain "Quid-Pro-Quo" *(something for something exchange)* contributions. The IRS defines a quid-pro-quo contribution as a payment made partly as a contribution and partly for goods or services provided. Cash and non-cash quid-pro-quo contributions of more than $75 now require the organization to provide the donor certain disclosure information. The only exceptions to this are when the goods or services provided to the donor are intangible religious benefits or when they are considered insubstantial in value or insignificant in cost according to IRS guidelines. For more information about what the IRS considers to be of insubstantial value and insignificant cost, see Section 10.525. If an organization is required to make these disclosures and does not, it is subject to IRS penalty. The penalty is $10 per contribution with a maximum of $5,000 per fundraising event or mailing.

Of course, these new requirements must be met in combination with existing ones. A summary of the current substantiation requirements for each type of contribution is provided on the previous page. In addition, each type of contribution is discussed in a separate section with examples of various types of receipts and statements.

## 10.510: Cash Contributions Less Than $250

Cash donations less than $250 may still be substantiated by the individual's canceled checks or bank records. Also acceptable as substantiation would be a receipt or statement from the organization. Donors cannot claim a deduction for cash donations without proper substantiation.

## 10.515: Cash/Noncash Contributions of $250 or More

Donors must obtain substantiation from the charity, i.e. all congregations or other synodical organizations, for any donations of $250 or more to be deductible. This substantiation must meet the following requirements.

1. It must be in writing. (Can be computer generated, even email — need not be signed.)
2. It must identify the donor by name.
3. For contributions of noncash property valued by the donor at $250 or more, it must describe the property. No value should be stated.
4. It must show separately each individual contribution of cash or noncash of $250 or more.
5. It must state whether or not the church provided any goods or services to the donor in exchange for a contribution or, if the only goods or services the church provided were "intangible religious benefits," it must contain a statement to that effect.
6. It must be received by the donor on or before the earlier of the a) date the donor files a tax return claiming a deduction or b) the due date for filing the return.

Exhibit 10-A is an example of a quarterly detailed statement, meeting IRS requirements by inserting certain wording in the message block of the statement. This message appears to the right of the donor's name and address. As required, it indicates that nothing of value was provided to the donor other than intangible religious benefits and items defined by the IRS to be of insignificant or insubstantial value. If other types of donations are made, such as noncash or quid-pro-quo, it would be necessary to provide the donor additional information by issuing separate receipts.

It is possible to develop and use a statement that includes the noncash and quid-pro-quo contributions. Exhibit 10-B is an example of such a statement.

*(Go to Page 10-8)*

## IRS Required Substantiation for Contributions

| Contribution Type and Amount | Required Substantiation | Prepared/Maintained by Congregation | Donor |
|---|---|---|---|
| Cash less than $250 | Substantiation receipt/statement | Prepared | Maintained |
| | Canceled checks/bank record | No | Maintained |
| Cash/noncash of $250 or more | Substantiation receipt/statement | Prepared | Maintained |
| | Property records | No | Prepared<br>Maintained |
| Cash/noncash quid-pro-quo of $75 or less | Substantiation receipt/statement | Prepared | Maintained |
| | Canceled checks | No | Maintained |
| | Property records | No | Prepared<br>Maintained |
| Cash/noncash quid-pro-quo of more than $75 | Disclosure receipt/statement | Prepared | Maintained |
| | Property records | No | Prepared<br>Maintained |
| Noncash less than $250 | Receipt | Prepared | Maintained |
| | Property records | No | Prepared<br>Maintained |
| Noncash less than $500 **AND** $250 or more | Disclosure receipt/statement | Prepared | Maintained |
| | Property records | No | Prepared<br>Maintained |
| Noncash $5,000 or less **AND** more than $500 | Disclosure receipt/statement | Prepared | Maintained |
| | Property records | No | Prepared<br>Maintained |
| | Individual's IRS Form 8283 | No<br>Signed-No | Prepared<br>Signed-Yes |
| Noncash more than $5,000 | Disclosure receipt/statement | Prepared | Maintained |
| | Property records | No | Prepared |
| | Individual's IRS Form 8283 | No<br>Signed-Yes | Filed<br>Prepared<br>Signed-Yes |
| | Congregation's IRS Form 8282 | Signed-Yes<br>if disposal within three yrs. | No<br>Signed-No |
| Out-of-Pocket expenses of $250 or more | Acknowledgement describing services related to volunteer | Prepared | Maintained |
| | Property records/receipts | No | Maintained |

**Statement of contributions**
**4/01/20XX to 6/26/20XX**

First Lutheran Church
2743 Concordia Drive
St. Louis, MO 63122

Envelope Number: 130
Statement Date: 6/26/20XX
Total for 20XX 2,825.00

Dick Jones
Shirley Jones
4566 Sunny Lane
St. Louis, MO 63146

CR 67 No goods or services were provided to the donor other than intangible religious benefits.

| Week of | General Fund | Sunday School | Youth Fund | Smith Memorial | Organ Fund |
|---|---|---|---|---|---|
| 4/01/XX | 25.00 | 10.00 | | | 35.00 |
| 4/03/XX | 257.00 | 25.00 | 10.00 | | |
| 4/10/XX | 50.00 | 10.00 | | | |
| 4/17/XX | 259.00 | 12.00 | | 45.00 | |
| 4/24/XX | 315.00 | 25.00 | | 10.00 | 20.00 |
| 5/01/XX | 75.00 | 10.00 | | | |
| 5/08/XX | 279.00 | 12.00 | 15.00 | | |
| 5/15/XX | 75.00 | | | | |
| 5/22/XX | 255.00 | 15.00 | | 25.00 | |
| 5/29/XX | 55.00 | | 15.00 | | |
| 6/05/XX | 254.00 | | 15.00 | | 25.00 |
| 6/12/XX | 80.00 | | 35.00 | | |
| 6/19/XX | 267.00 | | | 25.00 | |
| 6/26/XX | 75.00 | | | 10.00 | |
| Period | 2,321.00 | 119.00 | 90.00 | 115.00 | 80.00 |

**Other Contributions**

| | | | | | |
|---|---|---|---|---|---|
| 4/17/XX | Technology Fund | 20.00 | 5/08/XX | Jones Memorial | 20.00 |
| 5/29/XX | Jones Memorial | 10.00 | 6/12/XX | Technology Fund | 50.00 |

**Total Contributions for Period (all funds):** 2,825.00

**Pledged Status**

| Fund | Effective Dates | Pledged to date | Given to date | Ahead/ (behind) |
|---|---|---|---|---|
| General Fund | 1/01/XX - 12/31/XX | 3,000.00 | 2,321.00 | (679.00) |
| | | 3,000.00 | 2,321.00 | (679.00) |

## Exhibit 10-A

## Example of Statement with Noncash and Quid-Pro-Quo Contributions

St. John Lutheran Church
345 First Street
St. Louis, MO

John Smith
456 Country Lane
St. Louis, MO

| DATE | GROSS CONTRIBUTION | VALUE OF GOODS OR SERVICES | NET CONTRIBUTION |
|---|---|---|---|
| 1/13/XX | $ 50.00 | | $50.00 |
| 2/5/XX | 400.00 | | 400.00 |
| 3/12/XX | 100.00 | 25.00(A) | 75.00 |
| " | 75.00 | | 75.00 |
| " | 525.00 | | 525.00 |
| " | 215.00 | | 215.00 |
| 12/20/XX | 325.00 | 15.00(B) | 310.00 |

**Noncash Property Received:**
50 shares of General Motors received on June 14, 20XX.
2004 four-door Impala, 52,350 miles, VIN 1GBN4P685DS725

**Value of Goods or Services Provided:**
The following items were provided to you in consideration for certain cash donations referenced above:
(A) Value of meal provided at Annual Endowment Dinner $25.00
(B) Value of Christmas music CD's $15.00

All other goods or services provided to you were either intangible religious benefits or those defined by the IRS to be of insubstantial value or insignificant cost.

The amount of your contribution, which is deductible for federal income tax purposes, is limited to the excess of any money *(and the value of any property other than money)* contributed by you over the value of goods or services provided to you.

**Exhibit 10-B**

## 10.520: Cash/Noncash Quid-Pro-Quo Contributions of $75 or Less

As previously stated, the IRS defines quid-pro-quo contributions as payments made partly as contributions and partly for goods or services. For such cash donations of $75 or less, there is no required disclosure to be made by the charity to the donor. The individual should maintain his/her own documentation to substantiate such a deduction. The basic rule for quid-pro-quo donations of any size is that donor deductions are allowed only to the extent that the payment exceeds the fair market value of the goods or services received.

For a cash contribution, the donor maintains a canceled check and other information from the organization, including the donation amount and the value of the item(s) received by the donor. For a noncash contribution, the organization should provide its name and location, the date of the contribution, and a reasonable description of the property donated to it.

## 10.525: Cash/Noncash Quid-Pro-Quo Contributions of More Than $75

As previously stated in Section 10.505, the IRS requires all charitable organizations that receive such contributions of more than $75 to provide the donor a certain written disclosure or they will be subject to a penalty. The only exceptions to this requirement are when the goods or services are considered intangible religious benefits or of insubstantial value or insignificant cost as determined by the IRS.

The IRS generally considers the goods or services to be insubstantial when the value is the lesser of $117 or 2 percent of the contribution amount. Items are considered insignificant if they qualify as token items and their aggregate cost does not exceed a designated amount. To qualify as a token item, it is required that the item bear the name or logo of the organization. Examples include bookmarks, calendars, key chains, mugs, posters, T-shirts, etc. The designated amount that cannot be exceeded for token items was $11.70 for 2022.

When the disclosure is required, it must inform the donor that the amount of the donation that is deductible is limited to the contribution less the fair market value of the goods or services received by the donor. The disclosure must also contain the value of the nondeductible portion of the contribution. The disclosure may be provided either in conjunction with the solicitation or at the time of receipt. Examples of receipts for both a cash and noncash contribution follow.

### Cash Contribution

January 15, 20XX First Lutheran Church
2743 Concordia Drive
St. Louis, MO 63122

(Cash Contribution)
John Smith
456 Country Lane
St. Louis, MO

Received on March 12, 20XX, $100 for which you received a dinner at the Annual Endowment Dinner that had a fair value of $25. Therefore, the amount of your contribution that is deductible for federal income tax purposes is $75, which is the excess of the money donated over the value of goods and services provided to you.

### Noncash Contribution

January 15, 20XX First Lutheran Church
2743 Concordia Drive
St. Louis, MO 63122

(Noncash Contribution)
John Smith
456 Country Lane
St. Louis, MO

The amount of your contribution that is deductible for federal income tax purposes is limited to the value of the item you donated less the value of the item you received. Received on July 7, 20XX, a two-year-old 10-speed Schwinn bicycle, model S398752 for our annual auction in exchange for which you received a Bible Concordance that has a fair retail value of $8.95.

## 10:530: Taxpayer's Required Records for Noncash Contributions

The individual taxpayer is required to keep reliable written records for each item of donated property. A summary of these records is provided below.

1. Name and address of the organization to which you contributed.
2. Date and location of the contribution.
3. A description of the property in reasonable detail. For a security, keep the name of the issuer, the type of security, and whether it is regularly traded on a stock or over-the-counter market.
4. The fair market value of the property at the time of the contribution and how you figured the fair market value. If determined by appraisal, a signed copy should be kept.
5. The cost or other basis of the property.
6. The amount you claim as a deduction for the tax year.
7. For noncash contributions of $5,000 or more, you must maintain all the above records plus you must generally obtain a qualified appraisal by a qualified

appraiser. (not required for qualified vehicles with a contemporaneous written acknowledgment, certain inventory, publicly traded securities and certain intellectual property). The cost of such appraisal is not deductible as a charitable contribution.

For contributions less than $5,000 but over $500, the following additional records are required.

1. How the property was obtained, i.e., purchase, gift, bequest, inheritance or exchange.
2. The approximate date you received the property or, if created, produced or manufactured by or for you, the approximate date the property was substantially completed.
3. The cost or other basis, and any adjustments to the basis of property held less than 12 months and, if available, the cost or other basis of property held 12 months or more. This requirement does not apply to publicly traded securities.

For noncash contributions of $5,000 or more, you must maintain all of the above records plus you must generally obtain a qualified appraisal by a qualified appraiser. The cost of such appraisal is not deductible as a charitable contribution.

For more information about these recordkeeping requirements, refer to *IRS Publication 526, Charitable Contributions*. For more information about determining the value of donated property and how to obtain a qualified appraisal, refer to *IRS Publication 561, Determining the Value of Donated Property*.

## 10.535: Noncash Contributions Less Than $250

Noncash contributions valued by the donor at less than $250 that are not quid-pro-quo are substantiated by the person obtaining a written receipt from the organization and maintaining the individual records previously discussed. A sample of such a receipt is provided below.

**Noncash Contribution**

January 15, 20XX First Lutheran Church
2743 Concordia Drive
St. Louis, MO 63122

(Noncash Contribution)
John Smith
456 Country Lane
St. Louis, MO

Received from John Smith on March 22, 20XX, a two-year-old Dell personal computer, model 1525, serial #RT4567987.

## 10.540: Noncash Contributions of $5,000 and Less But More Than $500

As mentioned in Section 10.515, all noncash contributions of $250 or more are required to be documented on a receipt or statement prepared by the organization in conformity with requirements established by the IRS.

The individual must also maintain the records described in Section 10.530. In addition, if the person's total deduction for all noncash contributions for the year is more than $500, he/she must complete Section A of Form 8283. Failure to complete this form can cause the IRS to disallow a deduction. A blank IRS Form 8283 is provided in the forms section of this manual. You may wish to duplicate it and make these forms available to such donors.

## 10.545: Noncash Contributions of More Than $5,000

If a person is claiming a deduction for more than $5,000 for a contribution of one item of noncash property or a group of similar items, he/she must:

1. Obtain the appropriate substantiation receipt or statement.
2. Maintain all the records described in Section 10.530, including obtaining an appraisal from a qualified appraiser.
3. Complete and sign Section B of Form 8283.

The organization receiving the property also must complete and sign Part IV of Section B of Form 8283. In addition, if within three years after the date of receipt of the noncash contribution, the organization sells, exchanges, transfers, or otherwise disposes of the property, the organization must complete an information return, Form 8282, "Donee Information Return," and send a copy to the donee and file a copy with the IRS. A copy of Form 8282 is provided in the forms section of this manual.

## 10.546: Clothing and Household Items

A donor may not claim a tax deduction for clothing and household items given to a qualified charitable organization unless they are in good used condition or better. However, an exception to this rule applies to any item of this type that has been appraised for more than $500. Regardless of its condition, the appraised value may be deducted if the qualified appraisal is included with the donor's individual income tax return. Also, the donor must complete a Form 8283 because the item is a noncash contribution of more than $500 (see previous 10.540).

### 10.550:
### Donated Vehicles

A donor may not claim a tax deduction for a vehicle given to a charity and valued in excess of $500 unless a receipt of the transaction containing all the information prescribed by IRS is attached to his or her tax return (IRS Form 1098-C, Copy B). **Furthermore, it is now the responsibility of the charity to provide this receipt in a complete and timely manner to the donor and IRS (IRS Form 1098-C, Copy A) or be subject to possible penalties.** You may order IRS forms by going to *irs.gov/form1098c*.

Each receipt must contain at least the name and taxpayer identification number of the donor (social security number or Employer Identification Number), the vehicle identification number (VIN) and the date of contribution. It must also state whether or not the church provided any goods or services to the donor in exchange for the automobile or, if the only goods or services the church provided were "intangible religious benefits," it must contain a statement to that effect. To be considered timely, it must be given to the donor within 30 days of either receiving the vehicle or disposing of it. The additional information required on the receipt depends on how the charity uses or disposes of the vehicle. The three scenarios and their unique handling are as follows:

If the donated vehicle is sold without significantly using it to further a religious, educational or charitable purpose or without adding any material improvements to it, then the receipt must also include the sale date, gross proceeds of the sale, certification that it was sold in an arm's length transaction between unrelated parties and a statement to the donor that the deductible amount is limited to the gross proceeds from the sale.

If the charity intends to significantly use the vehicle itself or make material improvements to it before turning it over for sale, the receipt must certify and detail the intended use or improvement. It must also certify that the vehicle will not be sold anytime before completion of such usage or improvement.

Finally, special language must be included on a receipt relative to any vehicle that a charity intends to sell to a needy individual at significantly below fair market value or gratuitously transfer to a person. It must certify that "[the charity] will make a transfer or sale of the vehicle in direct furtherance of its charitable purpose of relieving the poor and distressed or the underprivileged who are in need of a means of transportation."

The only instance in which the receipt will contain a dollar amount is when the vehicle is sold in an arm's length transaction without a significant intervening use or material improvement. The donor's deductible claim in this case is limited to the proceeds of the sale reported by the charity on the receipt. In the other situations, the donor is limited to claiming the vehicle's fair market value at the contribution date. However, the donor must be able to substantiate his or her claim. If the vehicle's value is over $5,000, a qualified appraisal is needed for proper substantiation. Otherwise, the measure of a vehicle's fair market value is limited to the price listed in a used vehicle pricing guide for private party sales or similar vehicles.

For a contribution of a qualified vehicle with a claimed value of at least $250 but not more than $500, do not use Form 1098-C. Instead, prepare a receipt to give the donor following the rules under 10.515. For more details, refer to IRS Publication 4302, "A Charity's Guide to Car Donations" and IRS Publication 4303, "A Donor's Guide to Car Donations."

### 10.551:
### Qualified Charitable Distributions

A qualified charitable distribution (QCD) is a distribution made directly by the trustee of your individual retirement arrangement (IRA), other than an SEP or SIMPLE IRA, to certain qualified organizations. You must be at least age 70½ when the distribution's made. Your total QCDs for the year can't be more than $100,000. If all the requirements are met, a QCD is nontaxable to the donor. The donor also cannot claim a charitable contribution deduction for a QCD. See Pub. 590-B, Distributions from Individual Retirement Arrangements (IRAs), for more information about QCDs.

## 10.600:
## Gifts of Securities

Gifts of securities, i.e., stocks or bonds, pose some unique issues for the congregation and its treasurer. Generally, if the donor would simply sell the security and donate the proceeds, he/she would have to pay income taxes on any increase in value. However, by donating the security itself, the donor is able to avoid paying such taxes and is also generally eligible to deduct the full value of the security at the date of donation. Because this can be a source of significant giving, the following section was developed to provide you with guidance in this area. If you have any questions about any aspect of this type of gift, simply contact your local District Gift Planning Counselor (see Chapter 22) or call the Synod's Gift Planning Services toll-free, 800-325-7912.

If a congregation accepts publicly traded stocks or bonds and desires to sell these assets, it may do so on its own, perhaps with the help of a broker who is a member of the congregation. Another alternative is for the congregation to contact the LCMS Foundation. The Foundation would be happy to assist the congregation in this area for the appropriate transaction charge.

A congregation should exercise extreme caution before accepting securities of a closely held company or any company that is not publicly traded.

There may be few, if any, persons willing to purchase such securities. A number of adverse consequences may arise simply from holding such assets. You should address these issues with the congregation's legal counsel before accepting such a donation.

Generally speaking, the donor's deduction is based on the date the security is donated and the corresponding value at that time. Publicly traded stocks and bonds are relatively easy to value. If a congregation member delivers without any conditions a properly endorsed stock certificate to the congregation, the date of the gift is the date of delivery. If it is mailed and received through the regular mail, the date of the gift is the date of the mailing. However, if the individual requests that the corporation transfer the shares or the bonds to the congregation, then the date of the gift is the date that they are transferred on the books of the corporation.

Once the date of the gift is determined then the value of the stocks or bonds on the date of the gift may be determined based on the average of the highest and lowest quoted selling prices on the valuation date. For more information regarding valuation, see *IRS Publication 561, Determining the Value of Donated Property.*

## 10.700: Benevolence Funds

Many churches have established benevolence programs to help individuals in need. Since a contribution must be "to or for the use of" a tax-exempt charitable organization, contributions to individuals, no matter how needy, are not tax deductible by the donor. Benevolence applies to Disaster Relief contributions, also.

The general rule is that contributions to a church benevolence fund are deductible by donors who do not designate a recipient or beneficiary of their contributions.

To assure the deductibility of the contributions to such a fund and avoid confusion for the congregation, the congregation should have a clearly established benevolence fund and policy. The congregation's articles of incorporation and constitution should also clearly state that the church's statement of purpose includes "charitable" as well as "religious" purposes. Some precedent suggests that benevolence activities are more properly characterized, for tax purposes, as charitable rather than religious.

■ **Undesignated contributions**

If the church establishes a benevolence fund and allows only undesignated contributions, the contribution ordinarily will be deductible. Donors, as well as any other church members, are free to make anonymous recommendations (in writing) to the church board regarding desired recipients. The board could appoint a committee to receive written or oral recommendations from the church membership regarding benevolence fund candidates and to make recommendations to the church board. If the committee is not apprised of the identity of donors to the fund and all church members are free to make recommendations to the committee regarding recipients of the fund, then donor contributions may be deductible.

■ **Designated contributions**

A contribution to a benevolence fund that designates a desired recipient will not be deductible since the intent of the donor is to make a transfer of funds directly to a particular individual rather than to a charitable organization.

However, IRS revenue rulings and private letter rulings suggest that contributions to a benevolence fund can be deductible even if the donor mentions a beneficiary, if the facts demonstrate the following:

1. The donor's recommendation is advisory only.
2. The church retains full control of the donated funds and discretion as to their use.
3. The donor understands that his or her recommendation is advisory only and the church retains full control over the donated funds, including the authority to accept or reject the donor's recommendation.

### 10.705: Benevolence Fund Policy

To eliminate confusion and establish facts that benevolence fund contributions, whether designated or undesignated, are deductible, the congregation should establish a benevolence fund policy. The policy should be available to all persons wanting to make a contribution, especially a designated one, to the fund.

The sample policy in the next paragraph addresses both designated and undesignated contributions. The congregation may want to delete any language that permits designated contributions if the congregation agrees by policy not to accept them.

### 10.710: Sample Benevolence Fund Policy

First Lutheran Church, in the exercise of its religious and charitable purposes, has established a benevolence fund to assist persons in financial need. The church welcomes contributions to the fund. Donors may feel free to suggest beneficiaries of the fund or of their contributions to the fund. However, such suggestions shall be advisory rather than mandatory in nature. The administration of the fund, including all disbursements, is subject to the exclusive control and discretion of the church council. The church council may consider suggested designations, but in no event is it bound in any way to honor them, since they are accepted only on the condition that they are mere suggestions or recommendations. Donors wishing to make contributions to the benevolence fund subject to these conditions may be able to deduct their contributions. Checks should be made payable to First Lutheran Church, with a notation that the funds are to be placed in the benevolence fund.

The Church Council
First Lutheran Church

Note: Major portions of 10.700-10.710 were taken from the article "Benevolence Funds," March/April 1988 edition of *Church Law and Tax Report*, Christian Ministry Resources, Matthews, N.C.

### 10.715:
### Reporting

A question commonly raised is whether benevolent payments are reportable to IRS on Form 1099-MISC. These are considered tax-free gifts to the recipients (not employed) and are therefore not reportable for tax purposes regardless of the aggregate amount paid. However, such payments provided to an employee must be reported by the employer as taxable on the employee's Form W-2 and subject to tax withholding (if applicable).

## 10.800:
## Receipting Contributions for Other Entities ("A Caution")

Occasionally, congregations receive certain donations that are earmarked for certain purposes. When these purposes involve another organization that is not tax-exempt, great care must be exercised by the congregation. For example, consider a congregation that has, as part of its ministry, an outreach to the homeless through various programs, including donating a portion of its general funds to certain homeless shelters. It appears that the congregation could certainly make donations from its general funds to any homeless shelter, whether or not it was tax-exempt.

But, what if its members and other people make contributions to the congregation which are earmarked for a homeless shelter that is not tax-exempt? The IRS could determine that this is an improper function of the congregation, i.e., acting as a conduit in moving tax- deductible donated funds from a tax-exempt organization to one that is not a tax-exempt organization and as such this action could jeopardize the congregation's tax-exempt status.

## 10.900:
## Gifts from Persons Who Later Declared Bankruptcy

The Religious Freedom and Charitable Donation Protection Act of 1998 allows churches and other charitable organizations to keep donations made in good faith by persons who later declared bankruptcy. It shields personal contributions of up to 15 percent of the debtor's gross income made in the year before the declaration. Contributions larger than this percentage will also be protected as long as they are consistent with the person's past giving patterns. Bankruptcy attorneys who attempt to recover contributions from religious or secular organizations that are tax-exempt under sections 170(c)(1) or (c)(2) of the Internal Revenue Code can now be fought in court. The law addresses a growing problem in bankruptcy cases in which attorneys have, in recent years, attempted to recover donations from churches for as long as 10 years prior to the giver's bankruptcy.

# Chapter 11: Unrelated Business Income

# 11.100: Introduction

Even though a church is recognized as tax-exempt, certain sources of income can create a tax liability for the congregation. If a congregation has income that has "little or no relationship to its exempt purpose except to provide funds to carry out those purposes," the congregation has unrelated business income.

What are the ramifications of having unrelated business income? The organization may be required to file an annual income tax return, Form 990-T and pay income tax due on this unrelated business income. See video about unrelated business income at *stayexempt.irs.gov*, found under the "Existing Organizations" tab.

## 11.105: Definition

Three factors must exist for an activity to be defined as a source of "unrelated business income." These are:

1. The activity must be engaged in as a trade or business,
2. The trade or business must be regularly carried on, and
3. The trade or business must be substantially unrelated to the organization's exempt purpose or function.

## 11.110: Filing Requirements

A Form 990-T is required to be filed whenever unrelated gross income exceeds $1,000. Income tax may be due if net income from the activity exists. In addition, one $1,000 deduction is allowed before the income tax liability is computed.

The net income from an activity is the gross receipts less all expenses directly related to the production of this income. Salaries, supplies, depreciation, etc., are deducted in determining net income.

The income and related losses from individual business activities will need to be reported separately and losses from one may not be used to offset income from other business activities. This means that it is important to carefully track the expenses involved in producing the unrelated business income (UBI), so that those expenses can be used to offset any gains from that activity. However, losses that exceed gains from any single activity can be carried forward indefinitely to reduce gains realized in future years.

The unrelated business income tax (UBIT) rate is 21%. Estimated tax payments are due quarterly if tax is expected to be $500 or more. IRS Form 990W Worksheet should be used to figure estimated tax. These are paid using the Electronic Federal Tax Payment System (EFTPS). See Sec 7.346 for guidelines on enrolling in EFTPS.

## 11.111: Public Disclosure of Form 990-T

The most recent three years of Forms 990-T are subject to the same public disclosure requirements as an exempt organization's application for exemptions (see 8.150). Posting these on the internet alleviates the burden of providing copies on an individual basis to those who write or call for them. The posted files must be exact replicas (as filed with the IRS), accessible at no charge and accompanied with instructions for downloading without special software or hardware.

## 11.115: Examples of Unrelated Business Activities

It is important that congregations properly determine which activities the IRS considers to be unrelated. The preceding two tables present examples of activities that ARE and ARE NOT considered unrelated.

**Activities Which ARE Unrelated**

1. Soliciting, selling and publishing commercial advertising in an exempt organization periodical (see 11.118).
2. Operating a commercial parking lot, even if one day each week.
3. Operating a concession stand on a seasonal basis.
4. Selling greeting cards on a regular basis that do not contribute importantly to achieving the organization's exempt purpose.
5. Rental of member lists to commercial firms (see 11.116).
6. Rental of real estate that is debt-financed (see 11.120).
7. Raffles, bingo and other games of chance (see 11.130).
8. Conducting travel tours similar to commercial ones (see 11.119).
9. Certain employee fringe benefits for which a deduction is disallowed under IRC Sec 274 and has not been treated as taxable compensation (qualified transportation and commuting benefits; parking facility used in connection with qualified parking).

**Activities Which ARE NOT Unrelated**

1. Rental of member lists to other charitable and religious organizations.
2. Selling Christian books on a regular basis, solely for the convenience of members where the product contributes importantly to the organization's exempt purpose.
3. Tickets sold to an annual soup supper, dance or musical endeavor.
4. A thrift shop that consists of selling merchandise, substantially all of which has been received by the organization as gifts or contributions.

5. Gain or loss on the sale of real property.
6. Rental of real estate that is not debt-financed (see 11.120).
7. A fellowship event at which attendance prizes are drawn and awarded (see 11.138).
8. Travel tours substantially related to the organization's exempt purpose (see 11.119).

## 11.116:
## Royalties and Licensing Fees Versus Partnership Agreements

Royalty income from mailing list rentals, affinity credit cards or other fundraising programs (e.g., tower rental agreements with mobile telecommunication companies) can be kept free from unrelated business income tax as long as your congregation takes only a passive role. Activities typically subject to unrelated business income tax include the following: a partnership or joint venture between the congregation and for-profit that shares in the activity's management, profits and losses; any arrangement that gives the congregation sufficient control over the for-profit (e.g., developing, monitoring, or controlling the for-profit's promotional and marketing activities); or an agreement providing endorsements or services that are important to the for-profit's success.

**General Guidance on How to Protect Licensing Fees from Unrelated Business Income Tax**

1. Mailing lists should only be made available for rental on a selective basis.
2. Devote minimal staff time and cost to maintain and market the mailing list.
3. Do not provide specific services such as advertising, promotion or endorsement. Specifically state this in the agreement, allowing the for-profit to design its own materials and do all soliciting.

If the organization is involved in any of the above activities, or similar ones, carefully examine your specific situation to assure compliance with all tax laws or consult your legal or financial adviser.

For a more comprehensive discussion of unrelated business income for churches or schools, obtain IRS Publication 598, *"Tax on Unrelated Business Income of Exempt Organizations."*

## 11.117:
## Excluded Trade or Business Activities

Any activity (either related or unrelated) in which substantially all the work is done by volunteers is not considered an unrelated business activity. Thus, the income from it is not taxable. Conversely, an unrelated activity done with the use of compensated workers (including youth) paid in cash or "in kind" may subject the organization to unrelated business income tax. (See school and church youth group example in CTM Section 9.220.)

## 11.118:
## Advertising Versus Qualified Sponsorship Payments

Soliciting and receiving qualified sponsorship payments is not an unrelated trade or business activity and the payments are not subject to unrelated business income tax. A "qualified sponsorship payment" is any payment made by a business to support the exempt organization's activities for which it will receive nothing in return other than the use or acknowledgement of the business' name, logo or product lines in connection with the organization's activities. However, the payment is treated as advertising, if in return for it, this same information is published in a periodical (e.g., a monthly newspaper) as opposed to material directly related to the sponsored event (e.g., a program or brochure distributed at the event).

Payments for advertising are treated different from sponsorship payments. In addition to the above exception, advertising includes messages containing qualitative or comparative language, price information, or other indications of savings or value; endorsements; and inducements to purchase, sell or use the products or services. Payments for advertising are subject to unrelated business income tax.

## 11.119:
## Travel Tours

While conducting a travel tour is not in and of itself an exempt activity, its income is not necessarily taxable. Typically, a church-sponsored tour includes the following attributes: significant time spent in organized study, destinations related to religion or education, planning or leadership by clergy or appropriately trained lay persons, and mandatory participation in the tour's central activities. Structured in this manner, the tour is nontaxable because it is importantly connected to the church's exempt purpose.

However, a tour that is structured more like a commercial one *(even if its purpose is to raise funds for use in other religious activities)* is considered an unrelated activity — subject to income tax. When gross receipts exceed $1,000, all of its financial transactions must be reported to IRS on Form 990-T.

## 11.120:
## Debt-Financed Property

"Debt-financed" property means any income-producing property on which the church owes money, such as a mortgage. For example, rent from an apartment house is not taxable unless the church owed debts it would not have except for the property.

Under certain circumstances, property acquired by a church for its use for exempt purposes in the future is not treated as "debt-financed." If the church's use of the property for its exempt purposes will begin within 15 years from the date the property is acquired, income from the property is not treated as income from "debt-financed" property. An example of this is a church purchasing land by mortgage for a new church building and renting that land while collecting a building fund.

As long as the exempt use of property begins within 15 years, any rental income from the property falls within the exception and is not taxable.

However, the church must establish to the satisfaction of the IRS within the first five years that the use of the acquired land for exempt purposes is reasonably certain before the 15-year period expires.

Also, if substantially all (85 percent or more) of a property is used for the church's exempt purpose, the property is not treated as "debt-financed" property.

## 11.130:
## Raffles, Bingo and Other Games of Chance

Although federal law does not regulate non-profit gaming activities, it may impose certain tax burdens for the winner and the congregation operating the activity. For the winner, the value of prizes received is includable in his or her gross income. For the congregation, the unrelated business activity may be subject to income tax or a wagering excise tax. Regardless of the tax consequences, the congregation has certain IRS- prescribed reporting and withholding responsibilities *(see IRS Publication 3079, Gaming Publication for Tax-Exempt Organizations)*. With respect to state regulations, refer to Chapter 12.800.

## 11.132:
## Designing the Game to Avoid UBIT

Clearly, the congregation may avoid unrelated business income tax consequences under any of the following circumstances: 1) the activity is not regularly carried on; 2) volunteers perform substantially all the work; or 3) the activity is restricted to the "traditional" form of bingo.

## 11.134:
## Wagering Excise Tax

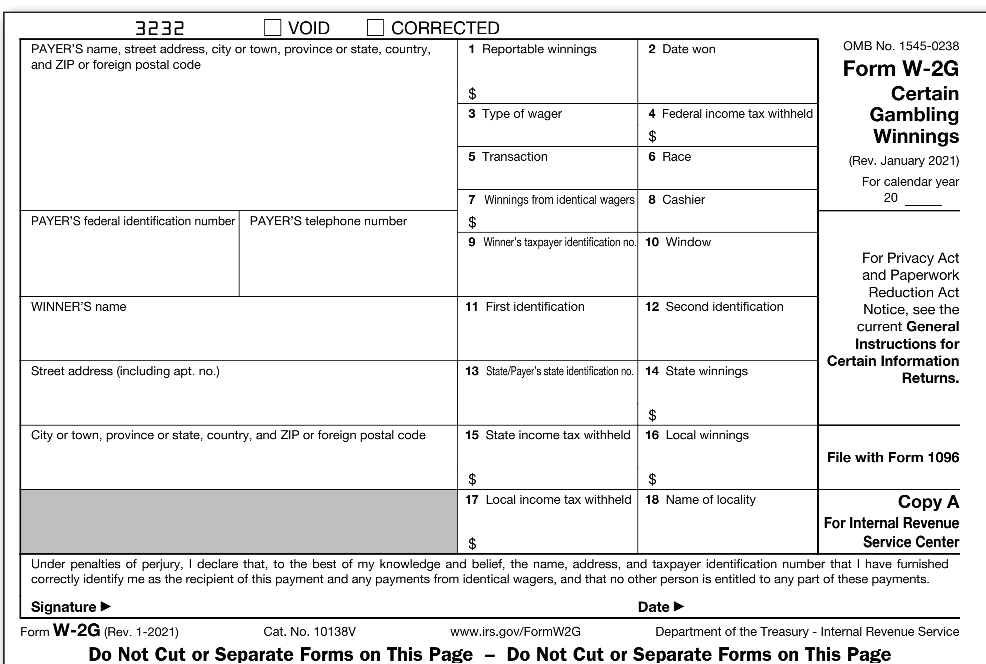
This is a special tax imposed on all wagers—0.25 percent if the wagers are authorized under state laws; 2.0 percent if unauthorized under state laws.

A "wager" includes a bet placed in a lottery conducted for profit.

However, the IRS does not include within this definition wagering or drawings conducted by an exempt organization if no part of the net proceeds from such wagering or drawing inures to the benefit of any private individual. Thus, a congregation may avoid the wagering excise tax under certain circumstances. To qualify under this exception, someone must not conduct the activity other than the congregation itself. Merely "sponsoring" a lottery conducted by a third party does not exempt the wagers from the excise tax.

## 11.136:
## Withholding and Reporting Requirements

Awards of any single prize having a value of $600 or more but not more than $5,000 requires the filing of Form W-2G with the IRS. If the winner does not provide a social security number (SSN), 24 percent backup withholding is required on any award of $600 or more.



3232 ☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, province or state, country, and ZIP or foreign postal code

1 Reportable winnings $
2 Date won
3 Type of wager
4 Federal income tax withheld $
5 Transaction
6 Race
7 Winnings from identical wagers $
8 Cashier

PAYER'S federal identification number | PAYER'S telephone number

9 Winner's taxpayer identification no.
10 Window

WINNER'S name

11 First identification
12 Second identification

Street address (including apt. no.)

13 State/Payer's state identification no.
14 State winnings $

City or town, province or state, country, and ZIP or foreign postal code

15 State income tax withheld $
16 Local winnings $
17 Local income tax withheld $
18 Name of locality

OMB No. 1545-0238

**Form W-2G**
**Certain Gambling Winnings**

(Rev. January 2021)

For calendar year 20 _____

For Privacy Act and Paperwork Reduction Act Notice, see the current **General Instructions for Certain Information Returns.**

**File with Form 1096**

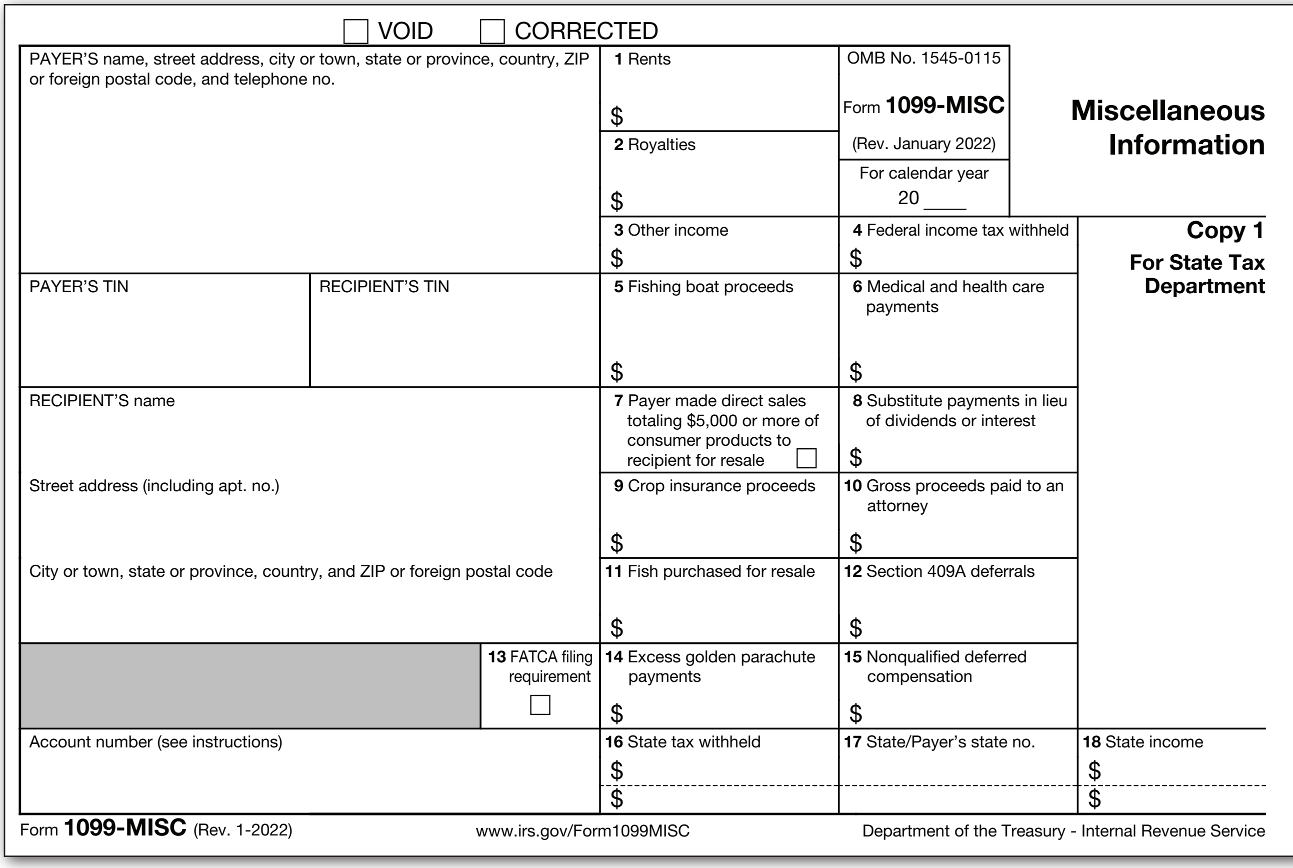
**Copy A**
**For Internal Revenue Service Center**

Under penalties of perjury, I declare that, to the best of my knowledge and belief, the name, address, and taxpayer identification number that I have furnished correctly identify me as the recipient of this payment and any payments from identical wagers, and that no other person is entitled to any part of these payments.

**Signature ►** **Date ►**

Form **W-2G** (Rev. 1-2021) Cat. No. 10138V www.irs.gov/FormW2G Department of the Treasury - Internal Revenue Service

**Do Not Cut or Separate Forms on This Page – Do Not Cut or Separate Forms on This Page**



VOID ☐ CORRECTED ☐

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

1 Rents $

2 Royalties $

OMB No. 1545-0115

Form 1099-MISC (Rev. January 2022)

For calendar year 20 ____

**Miscellaneous Information**

3 Other income $

4 Federal income tax withheld $

**Copy 1 For State Tax Department**

PAYER'S TIN

RECIPIENT'S TIN

5 Fishing boat proceeds $

6 Medical and health care payments $

RECIPIENT'S name

7 Payer made direct sales totaling $5,000 or more of consumer products to recipient for resale ☐

8 Substitute payments in lieu of dividends or interest $

Street address (including apt. no.)

9 Crop insurance proceeds $

10 Gross proceeds paid to an attorney $

City or town, state or province, country, and ZIP or foreign postal code

11 Fish purchased for resale $

12 Section 409A deferrals $

13 FATCA filing requirement ☐

14 Excess golden parachute payments $

15 Nonqualified deferred compensation $

Account number (see instructions)

16 State tax withheld $ $

17 State/Payer's state no.

18 State income $ $

Form 1099-MISC (Rev. 1-2022) www.irs.gov/Form1099MISC Department of the Treasury - Internal Revenue Service

If a single prize exceeds $5,000, and the amount of the winnings is 300 times the amount wagered, then a Form W-2G must be filed and 24 percent gambling withholding is required. For example, a $100 chance to win $30,000 or more is subject to 24 percent gambling withholding.

With respect to non-cash prizes over $5,000 (e.g., a raffle of a new car or house) the congregation has two options to meet the gambling withholding requirement. First, the winner could pay the amount of the 24 percent withholding to the congregation, which would report and pay to IRS. Second, the congregation could pay the withholding due on behalf of the winner, grossing up his or her Form W-2G by the amount of the payment. The increase in the winner's income for your payment is also subject to tax, thus increasing the amount of additional taxes you must pay. To calculate the reportable prize amount, you divide the prize value by a factor of .76 (for example, value divided by .76). Next, multiply that result by 24 percent to figure the total withholding taxes you must pay.

If the winner does not cooperate regarding the taxes, the congregation can withhold the prize.

If the withheld income tax is $2,500 or greater, you must deposit those taxes using the Electronic Federal Tax Payment System (EFTPS) separate from payroll taxes, if any. For more information about the EFTPS, visit *eftps. gov*. Any lesser tax liability on gambling winnings may be reported on *Form 945, Annual Return of Withheld Federal Income Tax*.

## 11.138: Attendance Prizes (No Wagers)

Games of chance consist of three parts: 1 ) a prize; 2) the element of chance; and 3) consideration, or payment for the right to participate. Where there is no wager required, then usually the event will not be considered a game of chance and therefore not subject to the same gaming regulations described in *paragraph 11.136*.

If an attendance prize is $600 or more, Form 1099-MISC, Box 3, should be used to report the prize, but no withholding is required unless the individual fails to provide his or her social security number. In that case, 24 percent backup withholding applies. Income tax withheld on these types of prizes must be reported on Form 945, Annual Return of Withheld Federal Income Tax. For more information, including the deposit requirements for backup withholding, refer to *IRS Publication 15*.

## 11.140: Reporting Cash Receipts Over $10,000

In a 12-month period, if you receive trade or business cash receipts (other than contributions) from a single transaction exceeding $10,000, it must be reported to IRS on Form 8300. For more information about your filing requirements, refer to *IRS Publication 1544*.

Form **945**

Department of the Treasury
Internal Revenue Service

# Annual Return of Withheld Federal Income Tax

▶ For withholding reported on Forms 1099 and W-2G.
▶ For more information on income tax withholding, see Pub. 15 and Pub. 15-A.
▶ Go to *www.irs.gov/Form945* for instructions and the latest information.

OMB No. 1545-1430

**2021**

**Type or Print**

| | |
|---|---|
| Name (as distinguished from trade name) | Employer identification number (EIN) |
| Trade name, if any | |
| Address (number and street) | |
| City or town, state or province, country, and ZIP or foreign postal code | |

**If address is different from prior return, check here.** ▶ ☐

**A** If you don't have to file returns in the future, check here ▶ ☐ and enter date final payments made. ▶ ____________

| | | | |
|---|---|---|---|
| **1** | Federal income tax withheld from pensions, annuities, IRAs, gambling winnings, etc. | **1** | |
| **2** | Backup withholding | **2** | |
| **3** | **Total taxes.** If $2,500 or more, this must equal line 7M below or Form 945-A, line M | **3** | |
| **4** | Total deposits for 2021, including overpayment applied from a prior year and overpayment applied from Form 945-X | **4** | |
| **5** | **Balance due.** If line 3 is more than line 4, enter the difference and see the separate instructions | **5** | |

**6** **Overpayment.** If line 4 is more than line 3, enter the difference ▶ $ ____________

Check one: ☐ Apply to next return. ☐ Send a refund.

- **All filers:** If line 3 is less than $2,500, **don't** complete line 7 or Form 945-A.
- **Semiweekly schedule depositors:** Complete Form 945-A and check here ▶ ☐
- **Monthly schedule depositors:** Complete line 7, entries A through M, and check here ▶ ☐

**7 Monthly Summary of Federal Tax Liability.** (**Don't** complete if you were a semiweekly schedule depositor.)

| | Tax liability for month | | Tax liability for month | | Tax liability for month |
|---|---|---|---|---|---|
| **A** January | | **F** June | | **K** November | |
| **B** February | | **G** July | | **L** December | |
| **C** March | | **H** August | | **M** Total liability for year (add lines **A** through **L**) | |
| **D** April | | **I** September | | | |
| **E** May | | **J** October | | | |

**Third-Party Designee**

Do you want to allow another person to discuss this return with the IRS? See separate instructions. ☐ Yes. Complete the following. ☐ No.

**Designee's name** ▶ **Phone no.** ▶ **Personal identification number (PIN)** ▶

**Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

**Signature** ▶ **Print Your Name and Title** ▶ **Date** ▶

**Paid Preparer Use Only**

| | | | | |
|---|---|---|---|---|
| Print/Type preparer's name | Preparer's signature | Date | Check ☐ if self-employed | PTIN |
| Firm's name ▶ | | | Firm's EIN ▶ | |
| Firm's address ▶ | | | Phone no. | |

**For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.** Cat. No. 14584B Form **945** (2021)

# Chapter 12: Tax and Compliance Matters Unique to States

# 12.100: Introduction

Each state has unique laws for various taxes imposed by the state or local municipality. The first part of this chapter is a brief explanation of the most common taxes imposed by these local governments. The church and school are exempt from most of these taxes, but, in some cases, they must pay taxes like any other organization. In some cases, the church may be exempt from payroll tax as a religious institution but the school may not be because it is treated as an educational institution.

The second part of this chapter is material prepared by and available from your district office. It provides information and forms for compliance with the laws in your state. Contact your district business office for your state tax information.

# 12.200: Annual Reporting

In some states, nonprofit corporations are required to file reports with the secretary of state's office annually or biennially. (Contact the secretary of state's office in your state to determine your filing requirements.) The report generally is brief and requires, among other things, the purpose of the organization, the names and addresses of the board of directors or governing body, and the name of the registered agent. A nominal fee sometimes accompanies the report.

Failure to file the annual or biennial report imposes penalties that differ by state. Some states impose only a nominal fine, but others may call for cancellation of a corporation's certificate of incorporation, which has the effect of terminating the existence of the corporation.

# 12.300: State/Municipal Taxes

## 12.305: State Income Tax

***All churches and schools are exempt from paying corporate state income tax because of the federal exemption under IRC Section 501(c)(3).***

However, the organization's employees are not exempt from paying state income tax. In those states with an income tax, the church or school may be required to withhold state income tax from its employees' payroll checks as it does for the federal income tax, and in some states the tax may be withheld from the "minister of the Gospel."

## 12.310: Property Taxes

Real and personal property taxes may be imposed by the state, county or city where the church or school is located. In most cases churches and schools are exempt from these taxes, but the exemption laws vary by taxing authority within some states. In some states the church and school may retain their exemption as long as they use the property for their tax-exempt purpose. In other states, the organization may be required to file a periodic exemption form.

The amount of the exemption allowed for the church building, school building, church or school grounds, parsonage, undeveloped land or personal property and any nonexempt manner in which they are used, varies from state to state.

Usually, churches are required to pay special assessment taxes for streets, sewers and similar improvements.

## 12.315: Sales and Use Tax Payments

In some states, not-for-profit organizations are exempt from the state- or county-imposed sales tax for goods **purchased by** the organization. In other states schools may be exempt from sales tax payments while churches are required to pay this tax. See Table 12-1 for information regarding your state or call your district office for information.

Where sales taxes are imposed on purchases by not-for-profit organizations, states may also collect a Compensating Use Tax for goods purchased in another state. Although generally it is the seller's responsibility to collect this tax, the end user has the responsibility of reporting such purchases and remitting any additional tax (if applicable) to the state in which they do business. Accordingly, you may have a use tax liability on the goods that you received from out-of-state. If you're not certain whether such transactions are subject to use tax in your state, we recommend contacting your Department of Revenue for a determination. Churches located near state borders where purchases are made in both states may need to be aware of this compensating use tax. Purchases made online may be subject to use tax.

## 12.318: Process of Acquiring an Exemption from Sales Tax Payments

Among those states that exempt purchases by churches and schools from sales taxes (refer to Table 12-1), some require the organizations to apply to the state's Department of Revenue for the exemption. Once the application has been processed, the state will respond by returning either a letter or certificate of exemption. A copy of the document should be made available to each vendor upon request. Other states simply require the exempt entity to provide the vendor directly with a certification of its exemption.

| Sales Tax Exemptions for Purchases by Churches/Schools (some states require registration) | | | | |
|---|---|---|---|---|
| | Type of organization: | | Register for exempt certificate? | ***The information in this table must not be relied on for accuracy or completeness. Instead, contact your state's Department of Revenue to find out whether your organization qualifies for exemption and under what conditions.*** |
| **State** | **Churches** | **Schools** | **Y=yes N=no N/A=not applicable** | **Comments:** |
| Alabama | | ✓ | Y | Must renew annually |
| Alaska | Does not impose sales tax | | | |
| Arizona | | * | N | *limited to food purchases by child care centers; must apply annually for letter of exemption |
| Arkansas | Not exempt | | N/A | |
| California | Not exempt | | N/A | |
| Colorado | ✓ | ✓ | Y | Certificate valid indefinitely |
| Connecticut | ✓ | ✓ | Y | Must have 501(c)(3) designation from IRS |
| Delaware | Does not impose sales tax | | | |
| DC | ✓ | ✓ | Y | Certificate valid until expiration date on certificate |
| Florida | ✓ | ✓ | Y | Must renew every 5 years |
| Georgia | Not exempt | | N/A | |
| Hawaii | Not exempt | | N/A | |
| Idaho | * | ✓ | N | Claim provided directly to vendor (Form ST 101); *limited to food for church members and church food bank |
| Illinois | ✓ | ✓ | Y | Must renew every 5 years |
| Indiana | ✓ | ✓ | N | Claim provided to vendor |
| Iowa | | ✓ | N | Claim provided directly to vendor |
| Kansas | ✓ | ✓ | Y | Must renew every 5 years |
| Kentucky | ✓ | ✓ | Y | Certificate valid indefinitely |
| Louisiana | Not exempt | | N/A | |
| Maine | ✓ | ✓ | Y | Certificate valid indefinitely |
| Maryland | ✓ | ✓ | Y | Must be located in Maryland or surrounding states to qualify; must renew every 5 years |
| Massachusetts | ✓ | ✓ | Y | Must renew every 10 years |
| Michigan | ✓ | ✓ | N | Certificate valid indefinitely |
| Minnesota | ✓ | ✓ | Y | Certificate valid indefinitely |
| Mississippi | * | ✓ | Y | Certificate valid indefinitely; *limited to church utilities |
| Missouri | ✓ | ✓ | Y | Certificate valid indefinitely |
| Montana | Does not impose sales tax | | | |
| Nebraska | ✓ | ✓ | Y | Certificate valid indefinitely |
| Nevada | ✓ | ✓ | Y | Must renew every 5 years |
| New Hampshire | Does not impose sales tax | | | |
| New Jersey | ✓ | ✓ | Y | Certificate valid indefinitely |
| New Mexico | ✓ | ✓ | Y | Certificate valid indefinitely |
| New York | ✓ | ✓ | Y | Certificate valid indefinitely |
| North Carolina | | | N/A | |
| North Dakota | | ✓ | Y | Certificate valid indefinitely |
| Ohio | ✓ | ✓ | N | Claim provided directly to vendor |
| Oklahoma | ✓ | ✓ | Y | Renew certificate every 3 years; *school exemptions are severely restricted |
| Oregon | Does not impose sales tax | | | |
| Pennsylvania | ✓ | ✓ | Y | Certificate valid indefinitely |
| Rhode Island | ✓ | ✓ | Y | Must renew every 4 years |
| South Carolina | | ✓ | Y | Limited to textbooks, library media; Certificate valid indefinitely |
| South Dakota | | ✓ | Y | Certificate valid indefinitely |
| Tennessee | ✓ | ✓ | Y | Certificate valid indefinitely |
| Texas | ✓ | ✓ | Y | Certificate valid indefinitely |
| Utah | ✓ | ✓ | Y | Certificate valid indefinitely |
| Virginia | ✓ | ✓ | Y | Certificate valid indefinitely |
| Vermont | ✓ | ✓ | Y | Certificate valid indefinitely |
| Washington | Not exempt | | N/A | |
| West Virginia | ✓ | ✓ | Y | Must renew with renewal of business registration |
| Wisconsin | ✓ | ✓ | Y | Certificate valid indefinitely |
| Wyoming | ✓ | ✓ | Y | Certificate valid indefinitely |

**TABLE 12-1**

### 12.320:
### Sales Tax Collections

Some churches and schools may have sales of tangible personal property (e.g., books) that are subject to the collection of sales tax. States may also impose such taxes on dinners, bake sales, garage sales, auctions, etc. The organization may be required to collect the tax and forward it to the state.

In most cases, the organization will be able to obtain an exemption. In other cases, the dinners, etc., are considered incidental sales and, unless conducted regularly, the state does not enforce the tax.

Different sales tax liabilities may also apply to incidental sales based on whether the goods sold are donated or purchased for resale.

### 12.325:
### Franchise or Business Tax

Unless the church or school has unrelated business income (see Chapter 11), the organization will be exempt from business taxes. However, an unrelated business activity may require the church to file income tax returns, as well as franchise or business tax reports. In some states a franchise fee or business tax is also required. These taxes are not to be confused with the periodic nonprofit report that also may be required by the state. (See 13.400 for more information on corporate reporting.)

## 12.400:
## Unemployment Tax

***The church and school are exempt from federal unemployment tax because they are IRC Section 501(c)(3) exempt organizations.***

However, unemployment tax is primarily a state responsibility, and, in some states, the laws are different for churches and schools. In most cases, all church and school employees are not eligible for coverage under the state unemployment laws because the organization is exempt from the tax or has elected not to participate. If the organization does not participate in the tax, the organization's employee handbook should state that its employees are not eligible for an unemployment claim should they decide to leave the employment of the church or school.

**SAMPLE STATEMENT:**

The Synod and its entities, as a church or church-operated school, are exempt from the Unemployment Compensation Act. This means that any employee who terminates or is terminated and is unable to find new employment is not eligible to collect federal unemployment insurance benefits.

However, some states allow "self-insurance" funds for a claim by a former employee if the employer agrees to reimburse the state fund.

## 12.500:
## Workers' Compensation

Workers' Compensation is a statutory insurance provided by the employer for the benefit of employees injured on the job. Very few states allow an exemption to a church or school for this insurance. In most states, the church and school are required to pay a premium for the "minister of the Gospel" and for any other employee. (See 26.245 for more information on Workers' Compensation.) Some states may permit grouping of employers for workers' compensation insurance. Since there is usually a basic fee for this insurance, there may be savings by grouping a number of churches. This could be done across denominations.

# 12.600: Listing of State Withholding Tax Offices/ Departments of Revenue

### Alabama
**revenue.alabama.gov**
Department of Revenue
Withholding Tax Section
PO Box 327480
Montgomery, AL 36132-7480
(334) 242-1300

### Alaska
**dor/alaska.gov**
No income tax

### Arizona
**azdor.gov**
Department of Revenue
Withholding Division
P.O. Box 29009
Phoenix, AZ 85038-9009
(602) 255-3381

### Arkansas
**dfa.arkansas.gov**
Department of Finance and Administration
Withholding Tax Branch
PO Box 8055
Little Rock, AR 72203-8055
(501) 682-7290

### California
**edd.ca.gov**
Employment Development Department
Taxpayer Assistance Center
PO Box 826880
Sacramento, CA 94280-001
(888) 745-3886

### Colorado
**colorado.gov/revenue**
Department of Revenue
1375 Sherman St.
Denver, CO 80261-0009
(303) 238-7378

### Connecticut
**ct.gov/drs**
Department of Revenue Services
450 Columbus Blvd. Ste. 1
Hartford, CT 06103
(860) 297-5962

### Delaware
**revenue.delaware.gov**
Division of Revenue
Carvel State Building
820 N. French St.
Wilmington, DE 19801
(302) 577-8779

### District of Columbia
**otr.cfo.dc.gov**
Office of Tax and Revenue
1101 4th St. SW, Suite 270 West
Washington, DC 20024
(202) 727-4829

### Florida
**floridarevenue.com**
No income tax

### Georgia
**dor.georgia.gov**
Department of Revenue
Withholding Tax Unit
PO Box 49432
Atlanta, GA 30359
(877) 423-6711

### Hawaii
**tax.hawaii.gov**
Department of Taxation
Income Tax Division
PO Box 3827
Honolulu, HI 96812-3827
(808) 587-4242

**Idaho**
**tax.idaho.gov**
State Tax Commission
PO Box 36
Boise, ID 83722-0410
(208) 334-7660

### Illinois
**www2.illinois.gov/agencies/IDOR**
Department of Revenue
PO Box 19447
Springfield, IL 62794-9447
(217) 782-3336

### Indiana
**in.gov/dor**
Department of Revenue
P.O. Box 7222
Indianapolis, IN 46207-7222
(317) 233-4016

### Iowa
**tax.iowa.gov**
Taxpayer Services
Department of Revenue
PO Box 10465
Des Moines, IA 50306-0465
(515) 281-3114

### Kansas
**ksrevenue.org**
Department of Revenue
PO Box 750680
Topeka, KS 66625-0680
(785) 368-8222

### Kentucky
**revenue.ky.gov**
Kentucky Department of Revenue
501 High Street
Frankfort, KY 40601
(502) 564-4581

### Louisiana
**revenue.louisiana.gov**
Department of Revenue
PO Box 201
Baton Rouge, LA 70821-0201
(855) 307-3893

### Maine
**maine.gov**
Maine Revenue Services
P.O. Box 1060
Augusta, ME 04332-1060
(207) 626-8475

**Maryland**
**marylandtaxes.gov**
Comptroller of Maryland
Revenue Administration Division
Taxpayer Services Section
110 Carroll St.
Annapolis, MD 21411-0001
(410) 260-7980

**Massachusetts**
**mass.gov**
Department of Revenue,
Customer Service Bureau
PO Box 7010
Boston, MA 02204
(617) 887-6367

**Michigan**
**michigan.gov/treasury**
Customer Contact Division
Department of Treasury
PO Box 30427
Lansing, MI 48909
(517) 636-6925

**Minnesota**
**revenue.state.mn.us**
Department of Revenue
600 N. Robert Street
St. Paul, MN 55146
(651) 282-9999

**Mississippi**
**dor.ms.gov**
State Tax Commission
Income Tax Bureau
PO Box 1033
Jackson, MS 39215-1033
(601) 923-7700

**Missouri**
**dor.mo.gov**
Department of Revenue
Taxation Bureau
PO Box 3375
Jefferson City, MO 65105-3375
(573) 751-8750

**Montana**
**mtrevenue.gov**
Department of Revenue
125 N. Roberts St.
PO Box 5835
Helena, MT 59604-5835
(406) 444-6900

**Nebraska**
**revenue.nebraska.gov**
Department of Revenue
PO Box 94818
Lincoln, NE 68509-4818
(402) 471-5729

**Nevada**
**tax.nv.gov**
No income tax

**New Hampshire**
**revenue.nh.gov**
No income tax

**New Jersey**
**nj.gov/treasury/revenue**
Department of Treasury
Division of Taxation
PO Box 269
Trenton, NJ 08695-0269
(609) 292-6748

**New Mexico**
**tax.newmexico.gov**
Taxation and Revenue Department
1100 South St. Francis Dr.
Santa Fe, NM 87505-4147
(505) 827-0700

**New York**
**tax.ny.gov**
NYS Tax Department
PO Box 4131
Binghampton, NY 13902-4131
(518) 485-6654

**North Carolina**
**ncdor.gov**
Department of Revenue
PO Box 25000
Raleigh, NC 27640-0640
(877) 252-3052

**North Dakota**
**nd.gov/tax/**
State Tax Commissioner
State Capitol
600 E. Boulevard Ave.
Bismarck, ND 58505-0599
(701) 328-1248

**Ohio**
**tax.ohio.gov**
Department of Taxation
Central Registration Unit
PO Box 182215
Columbus, OH 43218-2215
(888) 405-4089

**Oklahoma**
**tax.ok.gov**
Tax Commission
Withholding Tax Division
2501 N. Lincoln Blvd.
Oklahoma City, OK 73194
(405) 521-3160

**Oregon**
**oregon.gov/DOR/**
Department of Revenue
955 Center St. Northeast
Salem, OR 97301-2555
(503) 378-4988

**Pennsylvania**
**revenue.pa.gov**
PA Department of Revenue
PO Box 280904
Harrisburg, PA 17128-0901
(717) 787-1064

**Rhode Island**
**tax.ri.gov**
Division of Taxation
One Capitol Hill
Providence, RI 02908
(401) 574-8829

**South Carolina**
**dor.sc.gov**
Department of Revenue
PO Box 125
Columbia, SC 29214-0004
(844) 898-8542

**South Dakota**
**dor.sd.gov**
No income tax

**Tennessee**
**tn.gov/revenue**
No income tax

### Texas
### comptroller.texas.gov
No income tax

### Utah
### tax.utah.gov
State Tax Commission
210 N. 1950 West
Salt Lake City, UT 84134-3212
(801) 297-2200

### Vermont
### tax.vermont.gov
Department of Taxes
133 State St.
Montpelier, VT 05633-1401
(802) 828-2551 Option 3

### Virginia
### tax.virginia.gov
Department of Taxation
Division of Income Tax Withholding
PO Box 1115
Richmond, VA 23218-1115
(804) 367-8037

### Washington
### dor.wa.gov
No income tax

### West Virginia
### tax.wv.gov
West Virginia State Tax Department
Taxpayer Services Division
1124 Smith Street
Charleston, WV 25301-3784
(304) 558-3333

### Wisconsin
### revenue.wi.gov
Department of Revenue
PO Box 8902
Madison, WI 53708-8902
(608) 266-2776

### Wyoming
### revenue.wyo.gov
No income tax

## 12.700: New Hire Reporting

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), requires employers to report certain information on their newly-hired employees to a designated state agency. Penalties may be imposed on employers who fail to comply with these rules.

The majority of the information you will be submitting is already being collected when a new employee completes a W-4 form. Each New Hire report must contain the following elements: employee name, employee address and Social Security number, employer's name, employer's address and employer identification number. Some states may require additional data.

Federal law mandates that New Hires be reported within 20 days of the date of hire. However, states are given the option of establishing reporting timeframes that may be shorter than 20 days. You must adhere to the reporting timeframe of the state to which you report.

Because the reporting methods, due dates and data requirements vary from state to state, be sure to check with your state to learn of its requirements. For state-specific filing requirements go to *acf.hhs.gov/css/contact-information/state-new-hire-reporting-websites*. For the "State New Hire Reporting Contacts and Program Requirements matrix" go to *acf.hhs.gov/css/contact-information/state-new-hire-reporting-contacts-and-program-requirements*.

## 12.800: Raffles, Bingo and Other Games of Chance

In planning a fundraising event, a congregation should consider the application of laws regulating charitable solicitation in each state in which the game of chance is to be conducted. Courts and other legal authorities have consistently defined games of chance under state law as consisting of three parts: 1) a prize; 2) the element of chance; and 3) consideration, or payment for the right to participate. The importance of these three is that if one can be eliminated (typically chance or payment), then usually the event will not be considered a game of chance and therefore not subject to gaming regulations. For information about the taxable consequences of gaming events, refer to Chapter 11.

## 12.900: Information and Forms for Compliance Locally

Contact your district's business manager or treasurer for your state's specific tax information and other information.

# Section 3

# Establishing and Administering the Organization

## Chapter 13: Organizing and Incorporating

# 13.100: Introduction

It is very important to know what technical steps to take in both organizing and incorporating a congregation. The following sections provide information for both processes, as well as closing a congregation. Organizing and closing is presented in summary form listing the steps, while incorporation is discussed in some detail. A more comprehensive examination of the steps to take in organizing a congregation should be discussed with your district office.

### 13.110: Organizing Steps Before Charter Sunday

- Request district's affirmation for congregation to organize.
- Appoint temporary officers.
- Select a name.
- File for incorporation.
- Obtain Employer Identification Number (EIN). Complete IRS Form SS-4 and either (a) mail or fax it to the IRS and wait for them to send you your EIN, or (b) call the IRS and obtain your EIN immediately and mail them the form with the EIN.
- Open bank account.
- Determine preliminary insurance needs.
- Obtain church seal, if one is desired.
- Make preliminary contact with Concordia Plan Services.
- Hold a special business meeting six to eight weeks before Charter Sunday to vote on the following:
  a) Adopt articles of incorporation, a constitution and bylaws.
  b) Elect a church council and officers.
  c) Authorize the council to make application for reception into the Synod and district.
  d) Authorize the officers to incorporate.
  e) Adopt a motion stating that the resolutions acted on at the business meeting becomes effective on the date of organization.
- Obtain district approval of constitution and bylaws.
- Select a Charter Sunday where those wishing to become members sign the constitution.

### 13.120: Organizing Steps After Charter Sunday

- Replace temporary officers with permanent officers.
- Send report of organization to the Synod's Department of Statistics.
- Install the church council.
- Obtain state identification number, if any.
- Prepare a budget.
- Begin the process of calling a pastor.
- Become familiar with district periodic report.
- Check again on all appropriate insurance and bonding.

# 13.200: Incorporation

### 13.210: Why Incorporation?

Incorporation is a method by which individuals unite under a common purpose and thereby acquire certain advantages and protections.

Every congregation of the Synod should be incorporated. The value of corporate status lies in the protection from legal liability it affords for the individuals who belong to the organization. Without this status, the members are individually responsible for acts of the organization that might cause injury to someone or for defaults by the organization such as on loans. However, the officers of the congregation should be aware of the legal responsibility they have as officers to carry out the activities of the congregation in a responsible manner.

The type of incorporation that is recommended is the modern not-for-profit corporation and not the older form of incorporation as a religious or benevolent society, which some states permit. Although the congregation will still be "incorporated," the potential legal implications for officers and directors are substantial.

Although you may not have to file an annual report or registration renewal under the older form of incorporation, the modern not-for-profit corporation law provides more legal guidance for officers and directors in carrying out their corporate duties. It is therefore regarded as providing greater legal protection than the older form of incorporation.

If the congregation has a parochial school, the school should normally not be separately incorporated but should be included with the congregation's incorporation. The same is usually true for Congregational Endowment Funds and other controlled organizations. The decision to incorporate these organizations should be based on the nature and relationship of the organization and the advantages and disadvantages that come with a separate corporation.

### 13.215:
### How to Incorporate
The act of incorporating is governed by the laws of the state in which the congregation exists and so must conform to the laws of that state. The process for incorporation can be obtained from your Secretary of State's office (or your jurisdiction's equivalent, also hereafter). The congregation may want to engage an attorney to assist in the process or in periodically reviewing the corporate status. The attorney may also act as the congregation's registered agent.

## 13.300: Organizational Documents

### 13.305:
### Articles of Incorporation
The articles are the principal instrument of incorporation and the legal statements required by the state. State law is very specific about the items required to be contained in the articles and must be reviewed when preparing the articles. However, typically the articles must include the following:

1. The organization's legal name. The name should clearly identify the organization but not be unwieldy. The name chosen must be available for use as determined by the Secretary of State's office.
2. The purpose of the organization.
3. The duration of the corporation. It should be as long as possible and be perpetual if state law permits.
4. A statement that the congregation will have members.
5. A statement as to the type of corporation (e.g. public benefit or mutual benefit), if required by state law.
6. Names and addresses of incorporators (and directors).

For purposes of the federal income tax exemption, the articles of incorporation must specifically provide that the net earnings of the corporation shall not inure to the benefit of any member, director, officer or other individual, and that in the event of dissolution, the corporate assets are to be distributed for one or more exempt purposes, such as to the synodical district in which the congregation exists.

For purposes of the federal income tax exemption, the articles also should contain the statement that the corporation is organized exclusively for charitable, religious and educational purposes and assure that its operation is consistent with these terms, as understood in the light of Section 501(c)(3) of the Internal Revenue Code.

The articles should not contain rules for the internal government of the corporation. State law requires that every amendment to the articles be filed with the state, so the articles should be as brief as possible and be limited to only those matters required.

When completed, duplicated and notarized, copies of the articles must be submitted to the Secretary of State. A filing fee must accompany the copies. If the articles comply with state requirements, the Secretary of State will endorse both copies, file one in his or her office, and return the other to the congregation along with a certificate of incorporation. The congregation should file its endorsed copy and the certificate in a safe location.

### 13.310:
### Constitution
The constitution sets forth the fundamental purposes or objectives of the congregation and includes the basic form of organization and the general principles. The constitution is usually short and compact and is the ruling document to the bylaws.

Congregational constitutions minimally set forth the name of the congregation, its mission and its confessional standard, its membership, fundamentals of its call process, the essential features of its leadership and meetings, procedures in case of congregational division, and a procedure for amendment of the constitution and development of bylaws. The details of most of these facets are best left to the bylaws.

Guidelines for congregational constitutions and corresponding bylaws are available from the LCMS Commision on Constitutional matters at *lcms.org/ccm* under 'Helpful Documents'.

### 13.315:
### Bylaws
The bylaws contain the organizational details omitted from the articles and constitution and are the rules of internal government adopted by the organization. For example, while meetings and elections may be mentioned in the constitution, the specifics as to time, manner, etc., belong in the bylaws.

At a minimum, the bylaws should cover the following matters: selection of members; time, place and notice of annual business meetings; quorums; voting rights; selection, tenure, responsibilities and removal of officers and directors; filling of vacancies; method of amending bylaws; indemnification of directors and officers; and purchase and conveyance of property.

If ambiguity or contradiction exists between the articles, constitution or bylaws, the articles or constitution takes precedence. Amendments to the constitution should require a larger majority vote than an amendment of the bylaws.

### 13.316:
### Approval
The constitution and bylaws, and any future changes to these, must be approved by the district for the congregation to become and remain official members of the Synod.

## 13.400:
## Corporate Reporting
In some states, nonprofit corporations are required to file reports with the Secretary of State's office. (Contact the Secretary of State's office in your state to determine your filing requirements.) The report generally is brief and requires, among other things, the purpose of the organization, the names and addresses of the board of directors or governing body and the name of the registered agent. A nominal filing fee may be required.

Failure to file the report imposes penalties that differ by state. Some states impose only a nominal fine, but others may call for cancellation of a corporation's certificate of incorporation, which has the effect of terminating the existence of the corporation. This extreme measure usually occurs only if the state has notified the organization of such action.

## 13.500:
## Fiscal Year
The fiscal year of the congregation is established when the organization files for an Employer Identification Number (see 7.310) or incorporates. The fiscal year should be the period that best fits the organization's activity and operations.

A congregation can change its fiscal year if one becomes more practical than another. The action should be approved by the board of directors or church council. The church is not obligated to report that fiscal year change to the IRS unless it files a Form 990T with the IRS for any reason (especially if the organization has unrelated business income).

## 13.600:
## Registered Agent
Each corporation must have a registered resident agent or agent for process of service. A registered agent can be an attorney or member of the organization and is the individual to whom any papers will be delivered if the organization is named in a lawsuit. If the agent's name or address changes, contact the Secretary of State's office and advise them. Sometimes a nominal fee must accompany the revision.

## 13.700:
## Closing a Congregation
The following list of closing procedures is provided here as a mere suggestion for congregational leaders to consider and discuss BEFORE closing their church doors for its final worship service.

1. When a congregation is considering dissolution, it should immediately contact the Offices of the District President and the Circuit Counselor to invite them to participate in the discussion on the subject.
2. The congregation should also seek the advice of a competent attorney who is familiar with the state laws governing the dissolution of religious corporations.
3. If a congregation concludes that it should dissolve, this recommendation ought to be presented to a legally called meeting of the congregation.
4. The congregation should heed close attention to its constitution and bylaws regarding the calling of any meetings for the purpose of deciding on a possible dissolution; in this respect, any quorums and the necessary majority needed to make the vote legal. Notice of all meetings should be clearly announced in advance by letter to each member of the congregation so that they are notified of the date, time, place and purpose of the meeting.
5. Adopt a normal resolution to dissolve; passed by a majority of the voting members as required by the congregation's constitution. To accomplish this task, information should be prepared in advance and circulated to the members to support the reasons for this action. The resolution should include the setting of the date when the dissolution is to become effective and the date at which a festival closing service will be held.
6. Establish a timeline of all events/actions associated with the dissolution.
7. Secure an appraisal of all property to be sold except for property destined to be transferred to the district, Synod, or other agency in accordance with the church's by-laws.
8. Following the adoption of a resolution to dissolve, the following supporting resolutions need to be adopted:
   a. Transfer/release the members to neighboring congregations, effective on the date of dissolution.
   b. Authorize the officers of the congregation to sign the necessary documents to finalize all legal matters pertaining to the dissolution.
   c. Where necessary, authorize the transfer/disposal of all church property, including the building, furnishings, title to the cemetery and other properties.
   d. Authorize the transfer or disposition of the funds that are left in the treasury of the dissolving

congregation. Most constitutions state that the funds should revert to the District of which the congregation is a member. It is appropriate for these funds to be used in the mission outreach program of the District. *(This is referring to assets which remain after the dissolution date.)*

e. Transfer the records of the congregation for safekeeping. These include the records of all official acts of the congregation, its financial records, insurance policies and the official minutes of the congregation. It could also include other items of historical value. These are important since they not only have historical value, but also information about the members, which will help them when they transfer or desire verification of dates of birth, baptism, confirmation, marriage, death, etc.
If the District Office declines record-keeping responsibility, these records should then be deposited in the Concordia Historical Institute in St. Louis, Mo., so that they are kept safe and accessible for future reference. Discuss this matter with the District Office.
Procedure for dealing with documents and artifacts:
    a. Locate
    b. Sort
    c. Organize in chronological order
    d. Search for missing information
    e. Determine value
        i. Fiscal—audits, property records and contracts, tax record
        ii. Legal—constitution and bylaws, articles of incorporation
        iii. Administrative—agendas, minutes, ministerial acts
        iv. Historical—stories of people in mission and ministry, pictures, videos

9. Notice should be sent to the Secretary of State's office that the congregation is dissolving, giving the effective date.
10. The dissolving congregation should pay and reserve sufficient funding to pay all outstanding and expecting bills.
11. The Minutes of the final business meeting of the congregation should be adopted before adjournment.
12. Copies of the Minutes and all official correspondence should be sent to the Office of the District President.
13. Provide for a final service in the congregation that will be dissolving.
14. Address the need for all of the members transferring to new congregations.

## 13.800: Additional Information

For additional information on organizing and incorporating a congregation, contact the following:

1. Your district office for information on church planting.
2. The district's committee on constitutional matters.
3. An attorney.
4. The Secretary of State's office in your state.
5. *LCMS.org* under Administrative Resources for *Guidelines for the Constitution and Bylaws of a Lutheran Congregation.*
6. Your district for a copy of the Congregational Treasurer's Manual and the Personnel Manual.

READ RESOURCES:

- The Congregational Constitution and Bylaws Guidelines
- The Congregational Treasurer's Manual
- The Employment Resources Manual

All are available at *lcms.org/resources/church-and-school-administration* or contact your district for a hard copy. Small fees may be applied.

# Chapter 14: Responsibilities of Church Financial Officers

# 14.100: Introduction

Churches and religious organizations can conduct their temporal and spiritual affairs only through individuals. State laws require that church corporations appoint an initial board of directors. The Model Nonprofit Corporation Act specifies that a corporation shall have a president, one or more vice presidents, a secretary, a treasurer, and such other officers or assistant officers as the corporation deems necessary.

Officers and members of boards of church organizations regularly exercise their judgment on matters concerning the organization.

> "Traditionally, the officers and directors of nonprofit corporations performed their duties with little if any risk of personal legal liability. In recent years, a number of lawsuits have attempted to impose personal liability on such officers and directors. In some cases, directors are sued because of statutes that provide limited legal immunity to churches.
>
> As a general rule, directors are not responsible for actions taken by the board prior to their election to the board (unless they vote to ratify a previous action). Similarly, directors ordinarily are not liable for actions taken by the board after their resignation. Again, they will continue to be liable for actions that they took prior to their resignation.
>
> A number of state laws permit nonprofit corporations to amend their bylaws to indemnify directors for any costs incurred in connection with the defense of any lawsuit arising out of their status as directors." *churchlawandtax.com/library/pastor-church-law/chapter-6-organization-and-administration/officers-directors-and-trusteespersonal-liability/* (checked 8/13/2021) or (Richard Hammar, Pastor, Church & Law Fifth Edition [Matthews, NC: CMR Press, 2000].
>
> This is a "members only" content on the web page.

# 14.200: Conflict Of Interest

There is a potential for a "conflict of interest" and "self-dealing" when a member of an organization's board helps make a decision that will personally benefit him or her, such as one involving his or her own employment or the purchase by the organization of goods and services from him or her. Such situations should be avoided, not only to prevent personal legal liability but also to eliminate the appearance of impropriety, which is especially obvious when it involves church organizations. To make known any of these situations that an officer may be involved in, all officers should be asked at least annually to complete and submit a Conflict of Interest Statement.

# 14.300: Job Descriptions

In the job descriptions that follow many of the responsibilities also include suggested functions for internal control. The financial secretary and treasurer should be familiar with suggested financial review questions in Chapter 25. Separation of duties is very important in these two jobs.

## 14.305: Treasurer

**Qualifications:** The treasurer shall be a voting member of the congregation. The individual should have experience in bookkeeping and accounting.

> **Responsibilities:**
> The treasurer shall serve as the financial officer for the congregation. He/she shall be responsible for the following:
>
> 1. Disbursing funds of the congregation in accordance with its resolutions, approved budgets, restricted purposes and as directed by the church council.
> 2. Filing all the tax forms (federal, state, and city) by the appropriate due dates.
> 3. Investing all funds as directed by the congregation or church council.
> 4. Monitoring the cash flow of the operational budget and make prudent decisions in disbursing funds in periods of low receipts.
> 5. Maintaining the cash journals, general ledger and all subsidiary ledgers.
> 6. Giving complete financial reports at each church council or voters assembly.
> 7. Providing other financial information as requested by the church body.
> 8. Keeping informed as changes occur in requirements for reporting of tax and financial information.
> 9. Maintaining the treasurer's manual with updates provided by the district office.
> 10. Maintaining all records for the various designated funds and trusts and administering such monies as set forth by the church council, voters assembly and the desires of the donors.

Checks should be prepared by the church's bookkeeper who is often the treasurer. All bills should be approved with signatures of the persons responsible for initiating the bills. Records should be kept. To deter theft, proper internal controls should be in place. For example, a minimum of two signatures should be required for checks—those of the treasurer and president of the congregation.

No one should handle funds alone. Investments, purchases beyond the budget, etc., should be approved by the church council. The Voters Assembly should approve large expenditures. A financial review committee (see Chapter 25) should annually review all receipts and expenditures for approval by the church council. Pastors should be excluded from handling contributions and church funds.

The treasurer often also serves as an advisory member of the finance board and the board of stewardship.

### 14.310:
### Financial Secretary

**Qualifications:** The financial secretary shall be a voting member of the congregation. He/she should have experience in the handling of receipts and the maintenance of orderly records.

**Responsibilities:**
1. Oversee the counting of all service offerings and deposits to the bank account.
2. Report to the treasurer via the weekly offering form the total breakdown of contributions for the week.
3. Oversee the posting of all contributions to individual member's contribution records and to resolve disputes in posting errors.
4. Report to the church council and congregation monthly and year-to-date total contributions received for various purposes.
5. Notify the pastor of any special contributions that might require a special acknowledgment to the donor.
6. Make sure donors receive proper substantiation for all gifts as noted in 10.515.

The financial secretary oversees the activities of the church's money counters. As a safeguard against church member theft, no one should handle contributions alone. Rather, two or more people who are not closely related (such as family members) should count worship offerings together. Loose cash should be tallied twice by different counters. Offering envelopes should be opened in the presence of all and counted twice by different people. Amounts written on envelopes should be checked to see if they correspond with the contributions within the envelopes. Stamp the back of each check with deposit endorsement. Cash and check totals should be recorded on an Offering Report Form and a copy given to both the church treasurer and the financial secretary.

All cash and checks should be given to the financial secretary for immediate bank deposit. His or her tallied totals should match those on the Offering Report Form prepared by the team of money counters. Individual contributions including those electronically given (credit card, text-to-give, ACH, online bill pay, etc.) should be recorded and then reported to each member at least once a year, preferably in January when taxpayers are collecting information in preparation for their tax returns. Members should report discrepancies to the financial secretary.

## 14.400:
## Fiduciary Responsibilities

### 14.405:
### Introduction

Board Directors are called fiduciaries because they are legally reponsible for managing an entity's assets. All officers and managers having the responsibility may be held responsible by law to ensure that the financial activities of the church are carried out correctly. As an example, by willfully not forwarding income and employment tax withholdings on a timely basis, serious penalties and interest charges are incurred. Also, those who knowingly participate in "excessive benefit transactions" are at risk of penalties (see paragraph 8.100). The government can collect (and has done so) the monies due from the appropriate officers' own resources.

### 14.410:
### Restricted Funds

Use of restricted funds for purposes other than those designated by the donor should never be allowed. At the same time, it is just as important to release the restricted funds in a timely manner when the designated purpose has been fulfilled.

### 14.415:
### Secretary

The secretary should record all minutes in a clear and concise manner. The minutes could be a resource for defending a lawsuit at some future time. In addition, the minutes could be the basis or authority for some action by an individual or group. Every official meeting of the church should have official minutes taken. Properly constructed minutes should include the following:

#### "Record of Minutes"

Minutes of a *(regular) (special)* meeting of *(name of organization)* held at city, state on date at time pursuant to the *(constitution) (bylaws)*:

The meeting was called to order by the *(title)*. A quorum being present, the *(title)* declared that the meeting was ready to proceed with business.

**NOTE:** In the event of legal challenge to the action of the organization, the minutes should always state the presence of a quorum.

Minutes of the previous meeting are approved. Approval does not require a vote and may be declared approved by the chairperson provided opportunity for correction is granted.

If a financial report is presented by a treasurer, it should be approved by vote.

<u>Motions</u>

The body of the minutes should contain a separate paragraph for each subject matter, giving, in the case of all important motions, the name of the mover and should show:

a. The wording in which each motion was adopted or otherwise disposed of (with the facts as to whether the motion may have been debated or amended before disposition being mentioned only parenthetically); or

b. Very briefly, if necessary, the information to explain the motion or thought behind the motion.

Actions pertaining to acquisition or disposition of real or highly valued property must always include a legal or detailed description of the property and, unless specified in the constitution or bylaws, the officers authorized to execute documents.

**NOTE:** Approvals of budgets, actions amending budget and major actions such as borrowing and acquisition or disposition of property are of critical importance to the treasurer for maintenance of financial records and, when necessary, for defense of actions in the event of litigation.

The name of the seconder of a motion should not be entered in the minutes unless ordered by the organization.

The action of the board is primary, the debate or discussion is secondary. The minutes are the official voice of the collective actions taken by board members in a meeting.

When a count has been ordered or the vote is by ballot, the number of votes on each side should be entered; when the voting is by roll call, the names of those voting on each side and those answering "present" should be entered. *("Present," while listed, is not tabulated in the outcome of the vote.)*

Minutes should ordinarily show the time of adjournment.

Minutes should be signed by the secretary and can also be signed, if the board wishes, by the chairperson.

## 14.420 Sample Resolution Limiting Personal Liability

As a congregation, it may be advantageous to possibly reduce the potential liability by inserting a similar resolution as shown below. This sample of a bylaw could limit the liability of the directors and officers of the congregation in the performance of their volunteer work.

**CAUTION:** Ensure that this resolution receives adequate legal review by a lawyer who is familiar with your state laws.

**SAMPLE RESOLUTION LIMITING PERSONAL LIABILITY**

*(To be inserted in the appropriate place within the bylaws of the congregation.)*

1.1 Those directors *(officers)* duly elected or appointed to the board of directors (church council) who do not receive anything of value from this corporation for serving as a director *(officer)* other than reasonable per diem compensation and/or reimbursement for actual, reasonable and necessary expenses incurred by such director *(officer)* in service of the capacity as a director *(officer)* shall be deemed a "volunteer director" *("officer")* for all purposes hereunder.

1.2 A volunteer director *(officer)* shall not be personally liable to the corporation or its membership and/or members for monetary damages for any breach of the director's *("officer")* fiduciary duty except for liability arising from or relating to:

a. a breach of director's *("officer")* duty of loyalty to the corporation or its members;
b. actual omissions not in good faith or the involvement of intentional misconduct or a knowing violation of law;
c. an act in violation of the provisions of state laws;
d. any transactions from which a director *(officer)* derives improper personal benefit;
e. any act or omission resulting in liability occurring before *(appropriate date)*;
f. any act or omission that is grossly negligent.

1.3 The corporation shall assume all liability to any person or entity other than the corporation or its members for all acts or omissions of a volunteer director (officer) occurring on or after (appropriate date).

1.4 The corporation, by adoption of a resolution in accordance with its articles of incorporation and bylaws, and pursuant to the provisions of Public Act (your state), shall have the power to indemnify those persons serving in the position of, or at the request of the corporation as director, officer, trustee, employee or agent against expenses, including attorney fees, judgements, penalties, fines, and amounts paid in settlement actually and reasonably incurred by a person in connection with any actions, suits or proceedings, formal or informal, relating to the service of said individual on behalf of the corporation if such person acted in good faith and in a manner that the person reasonably believed to be in or not opposed to the best interest of the corporation or its members, or with respect to any criminal action or proceeding if the person had no reasonable cause to believe that the conduct engaged in was unlawful. The corporation, through its board of directors *(or other governing group)* shall have such further or other authority to indemnify directors, officers, employees or agents consistent with the provisions of Public Act *(your state)*.

**CAUTION:** The above is not to be construed to be an acceptable legal document without proper legal review.

As laws vary from state to state, it is critical that this sample resolution is reviewed and, if necessary, modified by your attorney prior to its adoption. Even after the resolution's initial adoption, it would be prudent for you to consider requesting your attorney to periodically review this matter for any subsequent changes in state law that may require further modification of this resolution. In this way, you would be better able to ensure its continued effectiveness in indemnifying your officers and directors.

### Could You be Personally Liable for Certain Unpaid Federal Taxes?

If you are an employer, you must withhold federal income, social security (or railroad retirement) and Medicare taxes from your employees' wages or salaries. If you' provide communication or air transportation services, you also may have to collect certain excise taxes from people who paid you for the services. (Get Publication 510 for more Information on excise taxes.) These taxes are called trust fund taxes and must be paid to the Internal Revenue Service through electronic funds transfer or tax deposits or as payments made with the applicable returns.

### The Trust Fund Recovery Penalty

If trust fund taxes are not collected, or not truthfully accounted for, or not paid, or are evaded or defeated in any way, we may impose a trust fund recovery penalty. This penalty Is equal to the amount of the trust fund taxes evaded, not collected, not accounted for, or not paid to IRS. We also charge interest on the penalty.

### Who Has to pay the penalty?

Any person responsible for collecting; accounting for; and paying trust fund taxes, and who acted willfully in not performing one or more of those responsibilities, can be liable for the trust fund recovery penalty. The IRS can collect the penalty from any responsible person or persons who acted willfully if the IRS can't immediately collect from the employer or business.

''Willfully'' means voluntarily, consciously, and intentionally. A responsible person acts "willfully" if this person knows that the required actions are not taking place for any reason. Paying other business expenses instead of trust fund taxes, including the payment of net payroll, is considered willful behavior.

Any person who had responsibility for certain aspects of the business and financial affairs of the employer (or business) may be a responsible person. A responsible person may be an officer or employee of a corporation, or a partner or employee of a partnership. This category may include accountants, trustees in bankruptcy, members of a board, banks, insurance companies, or sureties. The responsible person can even be another corporation, a volunteer director/trustee, or employee of a sole proprietorship. Responsible persons may include those who direct or have authority to direct the spending of business funds.

If the IRS charges you this penalty, they may take your assets (except exempt assets) to collect the amount owed.

Many employers outsource some or all payroll duties to third-party payroll service providers (PSP). These providers help ensure compliance with the IRS filing and deposit requirements. In the event of default by a third party, the employer remains responsible for the deposit of the federal tax liabilities and timely filing of returns. Depending on the facts and circumstances, and the type of third-party arrangement, an employer who uses a third party to perform Federal employment tax functions on its behalf may remain solely liable for Federal employment taxes or may become jointly and severally liable for such taxes.

### Avoid the Penalty

You can avoid the trust fund recovery penalty by making sure that all taxes are collected, accounted for, and paid to IRS when required. Make your tax deposits and payments on time. IRS employees are available to assist you if you need Information on tax deposits and payments. You may contact the IRS by phone toll-free at 800-829-4933 Monday through Friday during your local hours of 7 a.m. to 7 p.m. (Alaska and Hawaii follow Pacific Time.) More information is available online at IRS.GOV searching under keywords ''Trust fund" or searching under the "Forms & Pubs" tab for **Notice 931**, *Deposit Requirements for Employment Taxes*, **Publication 15**, *Employer's Tax Guide*, **Publication 3151**, *The ABCS of Federal Tax Deposits*, and **Form 941**, *Employer's Quarterly Federal Tax Return*.

## 14.425: Employment Tax Liability

The following outlines the potential penalties to the church or responsible person for willful failure to withhold, collect or pay taxes. For more information about deposit penalties, see IRS Publication 15 and IRS Notice 784.

## 14.430: Copyrighted Materials

Making copies of copyrighted material should not be done without permission. Serious penalties can be assessed on the church or school or on the personal assets of officers involved.

To help you learn more on the subject and obey copyright laws, visit Concordia Publishing House at its website at *cph.org/t-copyrights.aspx*.

You may also mail your inquiries concerning copyright laws to the U.S. Copyright Office, a part of the Library of Congress, at 101 Independence Ave. S.E., Washington, DC 20559-6000; request information by telephone, calling (202) 707-5959; or download publications from the Web site at *copyright.gov.*

# Chapter 15: Purchasing Agreements



# 15.100: Introduction

The LCMS and its related entities strive to negotiate discounts and preferred pricing agreements when possible to benefit all LCMS employers. The sections that follow are a glimpse of some of these goods and services that are part of this program.

# 15.200: Group Purchasing Agreement

www.lcms.org/gpa
Group Purchasing Agreement
*A Synod-approved purchasing source*

Group Purchasing Agreement, or GPA, is a service offered to all LCMS churches, schools and affiliated organizations. For 20 years, the program has offered substantial discounts on equipment, supplies and services by combining the purchasing power of more than 8,000 LCMS organizations.

GPA focuses on products and services most used — office supplies, moving companies, printers/copiers, interactive flat panel displays (whiteboards), and background checks, just to name a few. The churchwide organization develops partnership agreements with preferred providers of high quality products and services in order to save significant dollars. When a contract is negotiated, all LCMS affiliated entities are included. Although price is a priority, quality and customer service are important considerations prior to finalizing the agreement.

Using the program is easy. Visit ***lcms.org/gpa*** and select a product category. That links you to the direct contact on the national account—a real person who can assist you. In order to receive the LCMS pricing, you may have to mention your LCMS affiliation; some may ask you to complete a form.

Because the contracts depend upon the volume of business generated through GPA, participation is important. Everyone benefits from our strength in numbers.

GPA actively seeks new contracts and is always looking to grow. If you have a need that can be supported nationally, or have questions about the program, contact:

Group Purchasing Agreement
Accounting Department
LCMS International Center
1333 S. Kirkwood Road
St. Louis, MO 63122-7295
(314) 996-1441
*pam.palmer@lcms.org*

## 15.210: Summary of Products and Services

Products and services currently being offered through GPA:

- Moving Companies: Bekins, Stevens and Wheaton
- Office Equipment: Office Depot; Ricoh
- Office Supplies: Office Depot
- Janitorial Supplies: Office Depot
- Background Checks: Protect My Ministry; AAIM
- Office, church, school, dorm furniture:
  Office Depot Commercial Furniture

For the most current and complete information regarding the LCMS Group Purchasing Agreement, visit ***lcms.org/gpa***. Consider sharing the Quick Reference guide with the church office staff.

*Prices, offerings, and vendors are subject to change. Neither The Lutheran Church—Missouri Synod nor the GPA is responsible for the problems that may result from the purchase, lease or use of any of the program vendors.*

# 15.300: Preferred Pricing Agreement

Concordia Plans has negotiated preferential pricing agreements with two nationwide payroll and human resource organizations to help ministries with their payroll and human resource system needs. Both Paycor and Paychex provide multiple solution options to assist with everything from basic payroll and tax services to a full and complete HRIS system and offer their services at a significantly reduced rate (generally 35-50% off). Additional information on the payroll providers can be found at *concordiaplans.org/our-solutions/payroll-services* or by contacting your Account Manager or *ministrysolutions@concordiaplans.org*.

Concordia Plans has obtained access to a nationally recognized human resource consulting service that can provide ministries with information and resources they need to stay compliant and on top of human resource best practice and federal and state employment law changes. HR Services provides ministries with access to an extensive online platform, assistance with handbooks and custom documents, and access to a call center staffed by dedicated certified HR professionals. Additional information on HR Services can be found at *concordiaplans.org/our-solutions/humanresources-services* or by contacting your Account Manager or *ministrysolutions@concordiaplans.org*.

www.lcms.org/ gpa Group Purchasing Agreement

# QUICK REFERENCE VENDOR LIST

## Stevens Van Lines — moving discounts

**Robin Gacek, Client Relations Manager**
movecenter@stevensworldwide.com
(800) 248-8313 phone
(989) 755-0511 fax
www.stevensworldwide.com/lcms

## Wheaton Van Lines

mpotter@olympiamoving.com
(617) 231-1207 office
(617) 924-5949 fax
lcmsmove.com

## Protect My Ministry — background checks

**Ryan Carter, Director of Sales**
information@protectmyministy.com
(800) 319-5581 x228 office
(800) 319-5582 fax
protectmyministry.com/lcms

## 4imprint — promotional items

4care@4imprint.com
(888) 969-5766 phone
(800) 355-5043 fax
USE CODE "TLC10" TO RECEIVE DISCOUNT
4imprint.com/tlc

## Bekins Van Lines — moving discounts

shellie.law@crownbekins.com
(317) 331-1014 direct
(800) 248-7960 x338 office
(866) 260-1174 fax
lcmsmove.com

## Office Depot — commercial furniture

School, church, business, dorm furniture, design services
**Gary Phillips, Major Accounts Manager**
gary.phillips@workspaceinteriorsod.com
(816) 506-1275 phone
workspaceinteriorsod.com

## AAIM Employers' Association — human resources

Human resources - hire, develop and retain talent
**Julie Kappen, Account Executive**
Julie.Kappen@aaimea.org
(314) 754-0201 phone
(314) 775-000 fax
aaimea.org

## Office Depot — business services

Office/janitorial supplies, a/v equip, copiers/printers
**Rebecca Fluchel, Major Account Manager**
rebecca.fluchel@officedepot.com
Business Solution Division
(636) 346-6820 phone

GPA is a stewardship program offered to all LCMS churches, schools and affiliated organizations. Prices and vendors subject to change.
Neither LCMS nor GPA is responsible for problems that may result from purchase, lease or use of program vendors.

# Chapter 16: Computerized Systems (or) Technology



# 16.100: Introduction

The church has changed in the last 2,000 years, and so has technology. In the past, information was kept in journals and ledgers. Today, many congregations use computerized applications for things like:

- Member and visitor data
- Gift and offering tracking
- Content creation tools for weekly church bulletins
- Desktop publishing for newsletters and brochures
- Accounting and check printing
- Employee records
- Reporting for boards and organizations
- Calendars for event planning and participation
- E-mail and distribution lists
- Internet presence on the World Wide Web
- Virtualize meetings
- Document retention and sharing

# 16.200: Analyzing Needs and Wants

When deciding on changing existing manual procedures to a computer system, the congregation should first analyze its needs and wants. There are many options available on the market and choosing the best solution of software and hardware may differ depending on the size of the congregation. Points to consider when evaluating include available technology.

**■ Accessibility and Reliability**

A typical system might only be available during business hours while hosted on a desktop PC. This may suit most congregations for their pastor or office secretary's use; however, other congregation officers may also need access off-hours. There may be a need for network setup with remote or Internet access. Perhaps online information should be available to the congregation members and inquiring visitors. If so, expectations may require 24/7 access with 99.9 percent uptime.

**■ Security**

Maintaining data access rights and privileges should be flexible as officers change positions or new candidates need access to the system. The data should be safe from corruption and viewing by unauthorized users. In an environment that is always connected to the internet, consider a Proactive Firewall Management with Active Monitoring solution from a local computer company to help keep data safe from hackers. There is usually a monthly fee for this service.

**■ Scalability**

A system that may work well with one user may not perform well with additional users or processes running. Data information may need to be shared among system modules or across a network requiring connectivity to multiple workstations. Consider processing speed, disk memory, disk space and hardware capability, thereby avoiding a "slow system" and providing for future expansion and software upgrades.

**■ Affordability**

Every congregation is restricted to some degree by budgets, so costs will also affect purchasing new systems and optional add-ons. Although greatly appreciated, donated used equipment may eventually cost more to maintain due to age and compatibility.
In addition, donated used software may cause issues if not registered properly.

# 16.300: Software Applications

In searching the market for software, many applications can be found, but they may not all be the "right one" for fulfilling the congregation's needs. There are single user, network or Internet-accessed applications. Factors to consider in choosing the best solution include:

**■ Features**

If the new system does not provide many of the necessary capabilities desired, then it likely will not be used at all. To prevent this, define the application requirements of the processes to be routinely performed. Using these requirements as a checklist will help determine if one application choice may be better suited over another.

**■ Training**

A good application will have a text manual complete with procedural steps giving examples for data entry and processing. A better application may provide an optional training session, for free or at an additional cost. The training is usually beneficial depending on the complexity of the application system. Ideally, the software system intuitively leads the user through the processes with on-line help available at the touch of a button.

**■ Standard Operating Procedures**

There should be documented steps for performing the routine duties of the system user. Best practice for the congregation's policies, standards and guidelines may also include procedures used by the pastor, church officers and office staff. These should be reviewed regularly and modified as processes change.

**■ Technical Help**

The software vendor provides technical support should there be a need for help with the application. Check for extra costs and hours available.

**■ Application Security**

Most congregation information is confidential. Only elected or designated members and staff should be authorized to enter or view this information. The software application should have restricted security access requiring passwords. If different software modules are integrated with the system, verify that unauthorized users cannot obtain financial or personal data. Security access should be reviewed yearly.

■ **System Backups**
Backups of files and data should be performed routinely for the potential need of data recovery (e.g. fire, theft, hardware failure, ransomware). Backups may be stored on a choice of media such as on multiple rotating flash drives or external disk drives or with a trusted online backup service. If performing local rather than online backups, the backup media must then be stored at another location should a disaster strike. Be sure to test recovery procedures to verify that the data with be retrievable.

■ **Compliancy**
Software licensing compliance is required by law. Purchase the correct type and number of licenses based on the number of computers or number of users. See the software's end user license agreement for details.

■ **Software as a Service (SaaS)**
Software can be cloud-based, allowing you to access your software from most internet-connected devices. This software usually has a monthly fee, but you always have the latest version of the software and it is accessible by nearly any device that has internet access. Microsoft offers a limited version of Office 365 for non-profit organizations for free or, if you need more storage or more options from their software, a small monthly fee may be charged.

## 16.400: Computer Hardware

The computer systems found in today's congregations may be of any of these configurations:

- A single desktop computer or laptop in a central office location
- The pastor's and office secretary's PC linked together for file sharing (aka peer-to-peer network).
- A network hosting several PCs throughout the church building.
- Applications hosted on the Internet accessible from anywhere there is internet access.

Congregations, large or small, have the capability to use modern technology and effectively manage their church for Christ's ministry to their community or to the world!

Things to consider if purchasing and maintaining computer equipment:

■ **Space Planning:**
Decide where the hardware will be placed and if the environment is suitable. Considerations include available electricity, maintained room temperature, internet access, printer setup, future expansion, etc. Offsite hosting may be a better alternative.

■ **System Security:**
Locate the system in a safe and secure environment that is not readily available to outsiders, and secure the operating system and files from vandalism, hackers and Internet thieves. Software solutions include:

- Anti-virus software to routinely check and treat any system infections
- Spyware protection from Internet thieves
- Content filtering which shields inappropriate websites
- E-mail spam filters to rid junk mail
- Firewall to protect the network from outsiders via the internet or remote access

■ **Patch Management:**
Malware can cause havoc with your computer system and may expose sensitive data to theft. Routinely installing new release updates of operating system applications is essential in warding off these attacks.

■ **Hardware Replacement:**
Eventually, the system hardware becomes obsolete due to age, limitations or damage. Computer equipment is constantly improving. Switching to new equipment may be better than upgrading old, so consider both options. Be wary of donated equipment that is often outdated.Knowledgeable members are a great resource when updating your system.

■ **Network or Internet Hosting:**
A standalone desktop computer or laptop may be a suitable solution for limited work tasks, but is only accessible by one user at a time. Connecting PCs together will allow files to be shared for tasks such as proofreading or gathering items together for newsletters, annual reports, etc. Internet providers allow disk space for hosting websites for sharing information and are identified by a unique domain name for the congregation. There are also certain software applications for congregations that are hosted on the Internet which may reduce the need for expensive equipment.

There are options for storing data in the cloud that reduces or eliminates the need for a network server, and your data is accessible from most devices that are connected to the internet with the proper login credentials. If you choose a cloud-based system, you need to consider security standards, encryption of data across the internet, the cloud service's backup and disaster response policy and non-profit pricing. (Box.com offers non-profit pricing for their cloud service.)

## 16.500: Non-Profit Pricing

Many software and hardware providers offer proprietary software and equipment with discounts for non-profit organizations. These discounts may or may not be listed in the provider's marketing materials. It is recommended that the purchaser inquire about pricing specifically for non-profit organizations. The non-profit organization may need to provide evidence of their 501(c)(3) status to receive the discounted pricing. Some software and hardware are available for a minimal administrative fee. Some software is available as Free (as in Freedom) Software and Open Source software.

# 16.600: CTS Church Management Software

Concordia Technology Solutions (CTS), the church administration division of Concordia Publishing House (CPH), has provided ministry-enhancing software for more than 30 years. CTS provides both PC-based and web-based Church Management Software options that can help track membership, event attendance, contributions and finance.

Shepherd's Staff is a PC-based program that has been used by thousands of churches for 25 years. Church360° is a web-based software suite that includes Church360° Members, Church360° Unite, and Church360° Ledger. All three Church360° products allow access to your church information from anywhere.

Nearly all denominations are represented in CTS's customer base, even though their products are developed for the purpose of assisting LCMS congregations.

To start a free trial or request a live demo, visit *concordiatechnology.org* or contact CTS Software Sales at 800-325-2399 or *softwaresales@cts.cph.org*.

## 16.605: Shepherd's Staff

Shepherd's Staff is a complete church management system that contains five modules — Membership, Attendance, Contributions, Finances and Scheduler, as well as technical support and upgrades.

The Membership module provides complete membership management including:

- Tracks contact information, including multiple emails, addresses, and phone numbers
- Stores confidential notes securely
- Generates mail merges, labels, mail barcodes

The Attendance module allows for:

- Entering attendance quickly and accurately
- Identifying absent members in need of a pastoral visit
- Categorizing events and track attendance patterns using lists, graphs and reports
- An optional check-in feature to manage event attendance and visitor information securely

The Contributions module allows you to:

- Create an IRS compliant giving statement with an unlimited number of contributor and offering categories
- Analyze pledges and contributions with reports and graphs

In the Finance module the authorized person can:

- Track an unlimited number of funds, accounts, and vendors
- Set up checks, deposits, and journal entries to process automatically
- Prepare and print checks
- Generate invoices, track payments by multiple payees, and perform additional accounts receivable functions

The Scheduler module is used to:

- Set your church schedule and produce calendars
- Schedule rooms, rentals, services, cleaning and meetings
- Track equipment usage and inventory

To download a working trial or request a live demo, visit *shepherdsstaff.org* or contact CTS Software Sales at 800-325-2399 or *softwaresales@cts.cph.org*.

## 16.610: Church360°

Church360° is a complete suite of web-based church management software that provides ministry leaders and church administrators with the tools they need and the flexibility they desire to manage their congregational information, website and finances.

Church360° Members is web-based software that helps pastors and ministry leaders get to know their people better and understand the trends of their congregation. With Church360° Members, you can build an extensive member directory, record contributions and attendance and track congregational trends.

Church360° Unite is an easy website builder software that helps you build the church website you've always envisioned — regardless of your technical experience. Develop a fully functional and professional-looking website that includes blogs, calendars and user groups. Church members can even log in, update information, join groups, listen to past sermons, and interact with each other.

Church360° Ledger is finance software designed exclusively for churches. It streamlines the accounting process so balancing budgets and managing accounts are simple and intuitive. It allows you to track dollars coming in and out of your church, make and record deposits, pay bills, create custom reports, and share financial statements with church leaders.

These three great web-based applications work together to provide a complete church management solution. To start a free trial or request a live demo of any or all of the Church360° products, please visit us at *church360.org* or contact CTS Software Sales at 800-325-2399 or *softwaresales@cts.cph.org*.

## 16.615: eGiving

eGiving by Concordia Technology Solutions (CTS) is an online giving solution supported by Vanco Payment Solutions. This is not only a great option for your members' weekly offerings but also for one-time payments to the church or children's ministry tuition and fees.

- **Convenience:** With online giving, contributions are transmitted automatically and deposited directly into the church bank account.

- **Stronger stewardship commitments:** Scheduled, automated offerings help prevent people from falling behind on financial pledges.
- **More consistent donations:** With automatic giving, it's easy to tithe, even when you are not at church.
- **More secure church office:** Reduce the handling of checks and cash in the church office. With eGiving, all transactions are completed securely online.
- **Better planning:** Avoid seasonal donation slumps, improve financial forecasting, and plan budgets with confidence.
- **Less to process:** As the effort required to process check and cash donations decreases, the efficient use of staff time increases.

For more information, please visit the website: *concordiatechnology.org/egiving* or contact CTS Software Sales at 800-325-2399 or *softwaresales@cts.cph.org*.

# Section 4

# Supporting Organizations

## Chapter 17: Synod—International Center and District Offices



# 17.100: International Center (Synod Office)

The international office of the Synod is located in St. Louis, Missouri. The church body comprises more than 6,000 individual congregations walking together in a shared mission: vigorously to make known the love of Christ by word and deed within our churches, communities and the world. This singular goal is accomplished by sharing the load. With God's help and blessing we do together what we cannot do alone.

The support received from congregations through the district is used to provide services that are best rendered through a single office, such as mission education; congregational programs for Sunday schools, parochial schools and vacation Bible schools; evangelism; youth programs; training of professional church workers; international information services; national social services; retirement and insurance programs; and pooled-investment services for trusts, annuities and other planned-giving instruments.

## 17.110: *The Lutheran Annual*

*The Lutheran Annual* is the official roster of members of The Lutheran Church—Missouri Synod and also includes listings of the agencies of the Synod and other organizations associated with the work of the Synod. The information presented in the Annual contains the latest names, addresses and numbers for churches, educational facilities, pastors, teachers and DCEs. The Annual is published yearly by Concordia Publishing House and can be obtained by calling CPH at 800-325-3040 or visiting *cph.org*.

## 17.120: *LCMS Handbook*

The *Handbook* contains the Constitution, Bylaws and Articles of Incorporation of The Lutheran Church— Missouri Synod. Revised editions of the Handbook are published triennially by the LCMS Commission on Constitutional Matters following Synod conventions.

The current edition of the *Handbook* can be accessed online at *lcms.org/bod* or you may order a bound copy by contacting Concordia Publishing House at 800-325-3040.

## 17.130: International Center Budget

The unrestricted budget is developed based on district pledges for the work we do together, and the restricted budget is based on anticipated income given directly for items such as national and international missions, college and seminary support and KFUO radio. Annual Budget Summaries are available at *lcms.org/bod*.

## 17.140: Communication Services

LCMS Communications serves the Synod's congregations by telling the stories of our working and walking together as Lutherans, conveying the endless opportunities and achievements that are gifts from God.

These efforts involve "partnerships" of many kinds, as we work closely with the Office of the President and the Offices of National and International Mission, Pastoral Education, Church Relations, districts and many other LCMS entities.

We help the Synod — all of us together — get the word out strategically about our ministries using all venues at our disposal, including print, Web, video, photography, public and media relations, social media and blogs.

As a department, we strive to educate, inform, interpret and highlight our Synod's purpose, program and positions to promote increased awareness and understanding of the mission and ministry of our church.

***The Lutheran Witness***

The Synod's official magazine, *The Lutheran Witness*, features articles that help interpret the contemporary world from a Lutheran perspective. It seeks to teach a biblical and confessional understanding of topics including family, culture, worship and other questions that confront us.

*The Lutheran Witness* also offers observations from the Synod President, a monthly Bible study and a regular column of observations concerning items in the news. *The Lutheran Witness* is published 11 times a year — monthly, with a combined June/July issue. *The Lutheran Witness* offers additional content online at *witness.lcms.org*.

You may subscribe online, by e-mail, or by phone.

- Subscribe online at *witness.lcms.org*.
- Email *lwsubscriptions@cph.org*.
- Call 800-325-3040 (option 2) to speak to a customer service representative.

***Reporter***

*Reporter* is the Synod's official newspaper. It provides news, commentaries and other resources for rostered church workers, ministry and laypersons. To view the newspaper's online version, *Reporter Online*, which provides additional stories and more detailed versions of some print *Reporter* stories, visit *blogs.lcms.org*.

Subscribe to *Reporter* and at *blogs.lcms.org/subscribe-to-reporter*.

***Lutherans Engage the World***

*Lutherans Engage the World* is a quarterly publication that shares with its readers the life and work of the LCMS across the globe and in the United States. The articles present both excellent photography and a compelling narrative to present the work of witness and mercy done by the people of the Synod.

The magazine is available online at *engage.lcms.org*, via Apple News app at *engage.lcms.org/apple-news-app*, by print subscription at *engage.lcms.org/print-individual-subscriptions*, and bulk subscription (call 888-843-5267).

***Life Together with President Harrison***
Through this monthly digital news digest, President Harrison shares highlights from Synod publications and multimedia outlets. It is filled with useful news about ministries and resources that help equip pastors, church workers and laity in their life together.

Subscribe to receive monthly email updates at *mailchi.mp/lcms/life-together-email-subscriptions*.

***Journal of Lutheran Mission***
This e-publication from the LCMS offices of National and International Mission addresses the newest and oldest trends in missiology. It highlights how the Lord is using His people to share the good news of the Gospel both at home and to the ends of the earth.

You can find it at *lcms.org/news/publications/journal-of-lutheran-mission*.

**Additional Ministry Newsletters can be located at *lcms.org/news/newsletters***

**Online Presence**
The website for The Lutheran Church—Missouri Synod is ***lcms.org.***

The purpose of the LCMS website is captured in its mission statement: “To create and maintain a dynamic Internet presence that communicates the saving grace of our Savior, Jesus Christ; provides information for mission and ministry; and interactively links members with Great Commission opportunities.”

The site has links to the beliefs and heritage of our church body, mission and outreach resources, devotionals, news and information about the Synod, departmental resources and catalogs, and information on important social issues affecting congregations. Also included are links to our colleges and seminaries, district offices, congregations, church workers and related LCMS entities, auxiliaries and Recognized Service Organizations (RSOs).

Among its features are:
- **How We Serve:**
  This menu includes mission and ministry information about Mercy, National, International, Education, Special Initiatives and *Making Disciples for Life*.
- **News:**
  The latest stories, features, ministry news and resources are available here, including access to printed and online subscription information.
- ***my*LCMS:**
  This website login feature allows users to create an account by which they can subscribe to various eNewsletters, update contact information and view their giving history.
- **Locators:**
  Find LCMS congregations, church workers, schools and district offices easily. Ten-year statistics for individual congregations, including giving levels and baptized and confirmed membership figures are accessible here. Information about the 35 LCMS districts includes links to their websites at *lcms.org/districts*.

**Social Media**
The LCMS has official pages on Facebook, Twitter, Youtube, Instagram and LinkedIn. These can be found at *facebook.com/TheLCMS* and *twitter.com/TheLCMS*.

For a complete list of LCMS social media accounts, visit *lcms.org/socialmedia*.

**LCMS Related Entity Websites**
- **Concordia Plan Services**
  Get the latest information on health-care coverage, retirement benefits and more at *concordiaplans.org*.
- **Lutheran Church Extension Fund**
  Find out how your congregation can use the services of LCEF to obtain a loan for construction or capital fundraising, architectural or demographic services. Visit *lcef.org*.
- **LCMS Foundation**
  Through the Foundation’s Mission and Ministry Giving Catalog, your congregation can discover how its contributions are making a difference in the lives of many. Visit *lcmsfoundation.org*.
- **LuthEd**
  Schools looking for resources and information from the LCMS School Ministry Office can connect with this site to keep up to date with Lutheran education! Visit *LuthEd.org*.
- **Church Worker Update (CWU)**
  Rostered workers are able to update their rostered information through the CWU in order to keep their official record current. This information also populates the Commissioned Minister Information Form, which is what calling bodies use to search for rostered workers to fill open, called positions. Learn more at *CWU.lcms.org*.
- **Commissioned Minister Information Form (CMIF)**
  CMIF system allows for the search of information on rostered church workers to fill called positions. Contact your district office to find out more about how your congregation or school can use this tool to search for rostered workers to fill called positions in your ministry. Visit *CMIF.lcms.org*.
- **LCMS Information Support Network (LISN) for Congregations**
  Congregations are able to update their contact information, worship times, lay leaders, annual statistics and more to the Rosters, Statistics, and Research Services office through LISN at *lc.lcms.org*.
- **LCMS Information Support Network (LISN) for Schools**
  Early childhood centers, elementary and high schools are able to update their contact information, current teaching staff, and report annual statistics through *lisn.lcms.org.*

### 17.150:
### LCMS Church Information Center (CIC)

The CIC links people with questions to people with answers and is just a call or click away. Contact the center by phone at 888-843-5267 (THE-LCMS) or by email at *infocenter@lcms.org*.

**LCMS Logo & Brand Center**

LCMS logos may be used by the Synod's congregations, districts, schools and certain other entities in conformance with the LCMS Brand Manual. Read the LCMS Branding Reference Guide and request digital logo files at *lcms.org/logos*.

## 17.200:
## Synod Membership

Member congregations of the Synod have the responsibility of keeping informed about what it means to be a member of the Synod. This responsibility is similar to the individual's membership in the congregation.

Congregations and church groups seeking information regarding Synod's national and international work in order to provide designated gifts are encouraged to either contact the staff in LCMS Mission Advancement at 888-930-4438 or *mission.advancement@lcms.org*. To give online go to *lcms.org* and click on *Make a Gift* in the menu bar. Giving opportunities are available for national and international work and missionaries, pastoral formation care, projects and ministries, as well as for special campaigns.

These catalogs give a congregation the ability to select partnership opportunities that most closely match their vision for spreading the Gospel. Opportunities within the catalogs change over time and are kept current by Mission Advancement.

The finances of the national office, including the annual budget summaries for spending designated and undesignated offerings received as well as the annual audited financial statements for the LCMS, are made publicly available at lcms.org/bod. This section also includes the minutes of the meetings of the Board of Directors, the Handbook of Synod, and important governance policies.

### 17.210:
### Congregation Statistics Report

Each year The Lutheran Church — Missouri Synod asks each congregation to file a Congregation Statistics Report for the preceding year. This report is a vital source of information for planning and oversight of current and future ministry efforts by the Synod and its districts. Timely, accurate submission of data is very important.

Information gained from use of this data is used by Lutheran Church Extension Fund to evaluate loan requests. Concordia Plan Services uses the information in compiling data for the online compensation tools for pastors, church workers and teachers. Districts also use demographic studies that incorporate this data when assisting congregations in planning local ministries.

Because of the value of this data and because it is an expectation of membership (Bylaw 1.3.4), treasurers are encouraged to assist the congregation in submitting this report.

*Go to page 17-7*


*LCMS congregations located in Ontario and Quebec, Canada belong to the East-Southeast Region.

# 2022 CONGREGATION STATISTICS REPORT

Please complete the enclosed form.

*Return the original to the Office of Rosters and Statistics at the address below:*

## Due Date: February 28, 2023

**INSTRUCTIONS:**

Complete numbers **1** through **22** on the following page.

This report is a vital source of information for planning and action by the Synod and its districts. Information gained from use of this data is now being used by the Lutheran Church Extension Fund committee to evaluate loan requests. Districts also use demographic studies which incorporate this data when assisting congregations in planning local ministry.

**1 -** Fill in the total Baptized Membership as of December 31st. This is not a sum of questions **2a** and **2b.** It is the total number of Baptized Members in your congregation, including those who are also confirmed members.

**2 -** Enter the number of baptisms that took place during the past year: infants/children on line **a,** and adults on line **b.**

**3 -** Fill in the total Confirmed Membership as of December 31st. This is not a sum of questions **4a** through **4m.** It is the total number of Baptized Members in your congregation that are confirmed.

**4 -** Enter the number of gains **(4a-4f)** or losses **(4g-4m)** of confirmed members in each category that occurred by the end of the year.

**5 -** Enter the average weekend worship attendance. Do not include Lenten, Advent, or other festival services. Of the number entered in line A, please enter the number of people in attendance on a typical Sunday who are NOT members (baptized or confirmed) of your congregation. In addition to visitors, please also include regular attendees who are not yet members and even those who are members of another LCMS congregation.

**6 -** Enter the last Vacation Bible School enrollment figures.

**7-17 -** Enter the enrollment on the appropriate line for each age or class group. A special class group is for people with physical or developmental disabilities as stated in the Lutheran Annual. This does not include enrollment of pre-schools, elementary, or high schools associated with the congregation.

**18 -** Enter the average age of all confirmed members in your congregation. If you do not know the exact ages of your members, please estimate as accurately as possible.

**19 -** Enter the average age of all baptized (including confirmed) members of your congregation. Since this will likely include young children, it is expected the number will be lower than the average age of all confirmed members. If you do not know the exact ages of your members, please estimate as accurately as possible.

**20 -** For each group listed, please enter the percent of baptized (including confirmed) members of your congregation of that age. If possible, calculate each percentage by counting the total number of members in an age group, and then dividing that by the total number of members in the congregation. If you do not know the exact ages of your members, please estimate as accurately as possible. **Please ensure the total of all numbers entered adds to 100%.**

**21-22 -** Enter the amount rounded to the nearest dollar:

**21a** Total Contributions - Enter the total of contributions (weekly offerings) including building funds and other special contributions which include gifts for missions and ministries of the congregation, the District or Synod. This income **excludes** subsidy, dividends/interest, rent/fees, etc.

**21b** Total Other Income - Enter the amount of other income the congregation received from subsidy, dividends or interest, rents, fees and other receipts like school tuition (day school or preschool), subscriptions, loans, endowment funds, etc.

**22a** AT-HOME Expenses - Enter the sum of all funds spent for salaries, benefits, operating expenses, capital expenses, debt service, school/preschool expenses, registrations, subscriptions (including Lutheran Witness), payments for health and pension programs, conference and convention registrations, etc.

**22b.** AT-LARGE District/Synod Contributions - Enter the total amount disbursed to your District for District/Synod budget. Usually this is the amount given to a pledge of support for district and national work of the church. Doesn't include gifts for use of a specific ministry.

**22c.** Other AT-LARGE Contributions - Enter the total amount disbursed for other purposes, i.e.; World Relief, colleges/seminaries, Wheat Ridge, local ministries beyond the congregation, etc.

**Return the completed original form by February 28, 2023 to** The LCMS - OFFICE OF ROSTERS AND STATISTICS, CONGREGATION STATISTICS, 1333 S KIRKWOOD RD, ST LOUIS MO 63122-7295

## Exhibit 17-A(I)

Congregation Name ________________
Address: ________________
City, State, Zip: ________________

# 2022 CONGREGATION STATISTICS REPORT

***BAPTIZED MEMBERSHIP***

1. Total Baptized Membership.................................... ____
2. Baptized During the Year
   a. Baptisms of Infants/Children......................... ____
   b. Baptisms of Adults....................................... ____

***CONFIRMED MEMBERSHIP***

3. Total Confirmed Membership.................................. ____
4. GAINS:
   a. Adults Confirmed................................................ ____
   b. Juniors Confirmed (Parents Members)............... ____
   c. Juniors Confirmed (Parents Non-Members) ____
   d. Profession of Faith............................................. ____
   e. Transfer from Other LCMS................................ ____
   f. Receive from Other Lutheran............................ ____

   LOSSES:

   g. Deaths................................................................... ____
   h. Transfer to Other LCMS.................................... ____
   i. Release to Other Lutheran.................................. ____
   j. Join Non-Lutheran............................................... ____
   k. Moved Without Transfer..................................... ____
   l. Excommunicated.................................................. ____
   m. Other.................................................................. ____

***WEEKLY CHURCH ATTENDANCE***

5. a. Average Weekly Church Attendance................. ____
   b. On a typical Sunday, how many of the above numbers are not members of your congregation? ____

**VACATION BIBLE SCHOOL**

6. Members ____ Non-Members ____

***CHRISTIAN EDUCATION ENROLLMENT***

| | Sunday Bible Classes | | Weekday Classes | | |
|---|---|---|---|---|---|
| | a. Members | b. Non-Members | c. Members | d. Non-Members | e. Confirmation Class |
| 7. Cradle/Nursery | ____ | ____ | n/a | n/a | n/a |
| 8. 2 yr/Parents | ____ | ____ | ____ | ____ | n/a |
| 9. Age 2-3 | ____ | ____ | ____ | ____ | n/a |
| 10. Age 4-5 | ____ | ____ | ____ | ____ | n/a |
| 11. Grade 1-2 | ____ | ____ | ____ | ____ | n/a |
| 12. Grade 3-4 | ____ | ____ | ____ | ____ | ____ |
| 13. Grade 5-6 | ____ | ____ | ____ | ____ | ____ |
| 14. Grade 7-8 | ____ | ____ | ____ | ____ | ____ |
| 15. Grade 9-12 | ____ | ____ | ____ | ____ | ____ |
| 16. Adult | ____ | ____ | ____ | ____ | ____ |
| 17. Special Class | ____ | ____ | ____ | ____ | ____ |

***MEMBERSHIP DEMOGRAPHICS***

18. Estimate the average age of your confirmed membership ____
19. Estimate the average age of your total* membership (including children) ____
20. Estimate the percentage of your total* membership
    a. Under 15 ____
    b. 15-18 ____
    c. 19-34 ____
    d. 35-49 ____
    e. 50-64 ____
    f. 65+ ____

    = 100%

***FINANCIAL INFORMATION***

*(Round to whole dollars.)*

21. RECEIPTS
    a. Total Contributions: $ ________
    b. Total Other Income $ ________

22. DISBURSEMENTS
    a. At Home Expenses: $ ________
    b At Large District/Synod Contributions: $ ________
    c Other At Large Contributions: $ ________

*Total membership includes all baptized and confirmed members.

**Exhibit 17-A(2)**

See Exhibit 17-A(1) for instructions for filing this report which is due February 28. Congregation statistics may be entered online at *lisn.lcms.org* using login information received from LCMS Rosters and Statistics department in January. Paper versions of the form are available upon request. Please direct questions to *roster.stats@lcms.org* or 888-843-5267.

### 17.212:
### Treasurer's Responsibilities

The congregation treasurer is usually responsible for completing the Financial Information section of this report. A sample of that section of the current report form is attached (see Exhibit 17-A[2]). All figures are to be rounded to the nearest dollar. The following instructions are provided for completion of the financial data. These instructions are for the current form (Exhibit 17-A[2]) and may be revised in succeeding years.

**Item 21. Receipts during the last fiscal year**
*Item 21a, Total Contributions:*
Enter the total of contributions (weekly offerings) including building funds and other special contributions. Special contributions include gifts for missions and ministries of the congregation, the district or Synod. The key word is "contributions," that is, this income excludes subsidy, fees, rental, etc.

*Item 21b, Total Other Income:*
Enter the total other income the congregation received from subsidy, dividends or interest, rents, fees and other receipts. Some examples would include school tuition (day school or preschool), subscriptions, loans, endowment funds, etc.

**Item 22. Disbursements during the past fiscal year**
*Item 22a, Total At-Home Expenses:*
Enter total expenditures for work "at home." Amounts expended for salaries, benefits, operating expenses, capital expenditures, debt service, school/preschool expenses, registrations, subscriptions, payments for health and pension programs, conference and convention registrations, etc., are all included in this line item even though the remittance may have been made to the district or the Synod.

*Item 22b, At-Large District/Synod Contributions:*
This is the amount contributed to a district for the unrestricted work of the district and Synod. Usually this is the amount given to a pledge of support for district and national work of the church. It does not include gifts for use of a specific ministry such as Together in Missions (TIM), Lutheran World Relief and similar gifts.

*Item 22c, Other At-Large Contributions:*
This is the amount contributed by the congregation to missions and ministries outside of its "work at home". Other than contributions to the general fund of the district, it may include TIM, Lutheran World Relief, social service agencies, Lutheran Braille Workers, local services to disadvantaged or homeless persons, etc. Again, the key word is "contributions." These may include gifts from the budget, special offerings, door offerings, etc.

### 17.213:
### Information Sources

The suggested accounting system included in Chapter 21 provides a ready source for all information required on this report, Exhibit 17-A(2). Most computerized accounting systems will provide this data with a minimum effort.

Treasurers working with a single-entry accounting system may wish to create and keep an informal record of at-large expenditures to facilitate completing the report.

## 17.300:
## District Offices

Every district of the Synod operates a district office and employs staff who provide and assist congregations and schools as they carry out their functions and ministries. The areas of service and the staff person normally responsible to assist the congregation in that area are listed in the chart on the next page.

### 17.310:
### District Budget

The district budget is based on the pledges of the congregations and may include other support and revenue. A summary of your district program is available through the district office.

### 17.320:
### Remittances to District

The treasurer of the congregation shall make a regular payment to the district for various funds the congregation receives. These funds consist of mission funds, gifts designated for a particular entity of the Synod, gifts identified for a particular agency or organization outside the Synod and payments for loans granted by the district Church Extension Fund.

### 17.330:
### Remittance Advice Forms

The district treasurer will supply the church treasurer with remittance forms and instructions for completing them. These forms should accompany each check mailed to the district office.

### 17.340
### Remitting Funds Electronically

Congregations may elect to remit funds electronically to the district through the use of the Lutheran Church Extension Fund (LCEF) StewardAccount® or other electronic transfer tools. This includes setting up recurring donations (payments) to aid in consistency and less postage. More information is available on the LCEF and district website or by calling them.

## Organizational Chart

| AREA OF SERVICE | RESPONSIBILITY |
|---|---|
| Pastoral calling process | District president |
| Theological matters | District president |
| Congregational concerns | District president |
| Pastoral counseling | District president |
| New congregations—missions | Executive |
| Social ministry | Executive |
| Campus ministry | Executive |
| Principal/teacher calling process | Executive |
| Principal/teacher counseling | Executive |
| Christian day schools | Congregational Services Executive |
| Sunday schools | Congregational Services Executive |
| Vacation Bible schools | Congregational Services Executive |
| Adult Bible classes | Congregational Services Executive |
| Youth ministry | Youth counselor |
| Scholarship and recruitment | Education Executive |
| Stewardship awareness | Stewardship Personnel |
| Evangelism programs | Evangelism/Congregational Services Executive |
| Elders programs | District president |
| Musicians | Congregational Services Executive |
| Worship helps | Congregational Services Executive |
| Financial & Treasurers information | Business manager |
| Financial secretary | Stewardship counselor/business manager |
| Church Extension Fund | LCEF vice-president/CEF director/business manager |

# Chapter 18: Planned Giving and Investment Services

# 18.100: Introduction to the LCMS Foundation

**Linking Christians with Giving Opportunities**
**Please visit our website at**
***lcmsfoundation.org***
**or call 800-325-7912**

The LCMS Foundation offers comprehensive charitable expertise and services to help you plan and direct your passion for giving to family and LCMS ministries of the church today, tomorrow and forever.

Since 1958, the LCMS Foundation has helped fellow Christians and LCMS organizations achieve their charitable and ministry goals.

We help Christians create their own lifetime plans for giving. We do this through our experienced gift planning specialists, who help you use your God-given resources to achieve your charitable intentions and preserve more of your estate for people you love and ministries you care about.

No matter what your age or financial circumstance, we can help you support ministry. Every year, we assist thousands of faithful donors like you provide for their families and support hundreds of Lutheran ministries including:

- Congregations
- Lutheran elementary schools and high schools
- LCMS colleges and universities
- LCMS seminaries
- National and international LCMS ministry and outreach efforts

LCMS Entities and Auxiliaries
- Concordia Historical Institute (CHI)
- Concordia Publishing House (CPH)
- Lutheran Church Extension Fund (LCEF)
- LCMS Foundation
- Concordia Plan Services
- Lutheran Hour Ministries
- Lutheran Women's Missionary League

…And other local, district, national and international missions, ministries and organizations.

# 18.200: LCMS Foundation Services

**Providing for Family and the Lord's Work**
Each year, our experienced gift planning professionals help thousands of faithful Christian stewards like you support a variety of Lutheran ministries through:
- gift annuities
- direct gifts
- wills
- donor advised funds
- endowment funds
- trusts
- pooled income trust

The gift administration team consists of staff attorneys and trust administrators that provide the management services to support and oversee the reporting, accounting and distribution of current and future gifts.

**Equipping Ministry for Giving**
Many congregations and ministry organizations participate in our Transfer the Blessings ministry. This is a two-pronged ministry put in place by the leaders of the congregation to help members practice good stewardship of the assets that will be a part of their estate when they are called home to heaven.

Transfer the Blessings will help stewards through the spiritual stewardship process of planning how to distribute your earthly blessings. Transfer the Blessings will also aid the recipients of that generosity, whether family or ministry, to responsibly receive these gifts. For ministry, that means having policies and procedures in place that address the proper receipt, management and distribution of gifts. This gives the faithful giver confidence that the ministry will properly handle their generosity.

**Managing the Gifts Given**
The LCMS Foundation has many resources and consulting opportunities for ministry organizations. Chartered as a companion to all LCMS ministries and congregations, we have more than sixty years of experience with supporting ministry leaders in their efforts to build up treasures dedicated to the Lord.

Endowment funds and investment funds are professionally managed under the same Foundation program. Organizations may describe their investment fund using different names, such as endowment, memorial, scholarship, etc., to reflect the governance or purpose of the fund. Each fund is governed by policy and managed within a framework to fulfill the intentions of the organization.

The LCMS Foundation staff has developed a rigorous process to establish or review, promote, grow and manage investment funds. The LCMS Foundation works with LCMS entities to design the fund. Promotional materials and resources are available to announce, explain and grow the funds.

## 18.215: Investment Services

The LCMS Foundation's outside professional investment managers strive for results that approach or exceed their benchmarks, while appropriately diversifying risk and offering clearly defined investment programs.

Gifts under management today include unitrusts, annuity trusts, pooled income funds, gift annuities, donor advised funds, endowments, memorials, custodial funds and other financial instruments. Every account is carefully managed to ensure that the results are in keeping with the wishes of the donor.

## 18.225:
## Planned Giving Seminars and Development Training

The LCMS Foundation is committed to helping congregational leaders, pastors and development professionals utilize Christian stewardship principles to link Christians with giving opportunities.

We have assembled Christian development training materials in two different formats. Resources that address the stewardship of gift development, direct gifting, capital campaigns, annual funds and administrative issues are available online at *lcmsfoundation.org*.

Training in assisting donors with their discovery of the joy of giving through end-of-life or current planned gifts is available in a three-day seminar. This material is covered in a traditional classroom setting and is taught at various times throughout the year in a variety of locations. The schedule of these classes can be found at *lcmsfoundation.org/training*.

## 18.230:
## Promotional Resources

The LCMS Foundation offers free Christian gift planning brochures on a variety of subjects. Many are promotions of specific gift instruments that are used to support family and ministry now and in the future. Others offer valuable information about how to communicate stewardship and Christian estate planning.

You may also customize many of the Foundation's online resources, including brochures, newsletters and bulletin inserts. On our website, lcmsfoundation.org, click Tools and Resources on the home page to access PDF files. Please contact the Foundation for professional graphic design assistance or production support in customizing these materials.

The LCMS Foundation's marketing and communications department can assist your organization with conducting effective gift planning initiatives that promote awareness, provide resources and help strengthen future ministry. Each year the Foundation conducts initiatives for charitable gift annuities, endowment funds, bequests, and many other types of Christian estate gifts. These initiatives inform, educate and bring opportunities to donors who may wish to support their favorite LCMS ministry in ways beyond the direct gift.

## 18.235:
## Congregational Endowments and Investment Accounts

The LCMS Foundation provides assistance for LCMS congregations and other ministries that want to:

- Create an endowment fund, and/or
- Create an investment account

There are several advantages your congregation, school or ministry can receive by establishing an endowment or investment account. You or your endowment committee can easily work with our staff to create the program that suits your congregation or ministry's needs now and into the future. The LCMS Foundation can provide you with sample forms, sample drafts of endowment agreements and the technical assistance to help you easily establish, promote, grow and manage an endowment that best serves your needs.

The Foundation staff has a broad range of experience and expertise helping congregations and ministries design everything from restricted endowments to perpetual accounts with various spending or reinvestment plans. In addition, the Foundation staff can offer assistance to you in approaching specific individuals to ensure that your endowment can get adequate funding to truly further your ministry.

For additional information about how the Foundation can help you and your congregation or ministry, call the Foundation's support team at 800-325-7912, or visit *lcmsfoundation.org*.

## 18.236
## Congregational Endowment Fund Agreements

A set of bylaws should be established for the congregational endowment fund, and the document should include the following:

1. Name of the endowment
2. General purpose
3. Duration
4. Governing board and officers
5. Fiscal year
6. Duties
7. Powers
8. Amendments

Foundation gift planning counselors (see sections 18.400 and 18.500) stand ready to provide all the assistance you may need with setting up one of these.

## 18.237:
## Financial Reporting

Within one month after the close of each fund's fiscal year end and/or the frequency requested by the account holder, an itemized, written statement should be prepared. It must accurately reflect the position of the fund's income and corpus accounts as of the date of the statement and should indicate the receipts, disbursements and changes therein since the fund's inception or the previous accounting period end. When the statement is completed, it should be submitted to the church, voters' assembly or church council for their awareness and general oversight.

## 18.238:
## Financial Accounting

The congregation should maintain the records of the endowment within the congregational accounting structure.

## 18.240:
## Charitable Remainder Trusts

The LCMS Foundation provides professional trust management services to individuals within our church body. There are several benefits that a charitable remainder trust provides to both the person who establishes it and to the ministries (which could be your congregation) he or she names to receive the remainder value once the trust terminates.

This type of trust allows a person to transfer cash, securities or other forms of property such as real estate, etc., into a trust that provides an income stream for themselves (or anyone they name) for life or a term of years depending on the goals they want to accomplish. There can be tax advantages to the individual and/or the family of the person who establishes a charitable remainder trust. And, of course, the trust will be a benefit and blessing to the congregation or ministry the individual has named to receive its remainder value once it terminates.

The LCMS Foundation can handle all details involved with establishing a charitable remainder trust including calculating the charitable deduction the individual will receive once it is established and the amount of income the individual can expect to receive. In addition to regular account statements, the LCMS Foundation prepares all related tax documents on the trust as well.

## 18.245:
## Pooled Income Trust Fund

The pooled income trust fund receives gifts from many donors, invests the funds in a diversified portfolio, and distributes the income proportionately among the individual recipients, similar to a mutual fund. However, unlike a mutual fund, when the lifetime payments end, the balance of the gift is used to support the LCMS ministry of your choice. Donors are entitled to claim a charitable income tax deduction for the gift.

## 18.250:
## Gift Annuities

A gift annuity is a method for the donor to receive a fixed payment for life with the net remainder value going to the congregation or ministry chosen by the individual who establishes the annuity. A gift annuity can be established with the LCMS Foundation for as little as $5,000, making this an attractive planned gift. Gift annuities are particularly attractive to older donors because of the income and estate tax benefits. The Foundation provides all information needed to establish a gift annuity, including the exact charitable contribution deduction allowed.

## 18.255:
## Donor Advised Funds

A donor advised fund allows the individual to make a gift in one year and then advise as to how the gift is used. Donor advised funds are good for donors who would like to continue to be involved in the gift and possibly involve their family when advising of the distributions. Tax and estate savings can be obtained when a gift is made in this fashion. Donor advised funds are simple to establish and help individuals and ministries reach their stewardship goals. The minimum initial contribution is $10,000. The Foundation can handle all details needed to establish a donor advised fund, including calculating the exact charitable contribution deduction allowed.

## 18.260:
## Personal Endowment Funds

An endowment fund allows a donor to create a permanent fund to benefit a congregation and/or other ministries by gifting property or money to the LCMS Foundation. Typically, only the earnings from the endowment are distributed to the ministry(ies) to be used for the specific purpose designated by the donor. The principal of the fund remains held in perpetuity and will provide a continuous income stream for the income beneficiaries. The Foundation works directly with the donor(s) to craft the specific terms of the endowment, manages the investments, and ensures that all funds are being distributed for the purpose intended by the donor.

# 18.400
# LCMS Foundation Gift Planning Counselors

### CENTRAL AND SOUTHERN ILLINOIS DISTRICTS
### MR. SCOTT RADDEN, SR., CTFA, CGP
2408 Lebanon Ave.
Belleville, IL 62221-2529
Phone: (618) 234-4767
Email: *scott.radden@lfnd.org*

### CHICAGO REGION
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# Chapter 19: Church Extension Fund

## 19.100: Introduction

The mission of Lutheran Church Extension Fund (LCEF) is to support The Lutheran Church—Missouri Synod by ensuring that financial resources and related services are available now and in the future.

Church Extension Fund programs provide a source of custom loans for congregations and ministries, as well as rostered church workers. These programs are administered through a national network of districts, LCEF or district-specific Church Extension Fund (CEF) offices. Congregations and individual members should consult with their district office or call LCEF at 800-843-5233 regarding the policies and programs offered.

## 19.200: Investment Opportunities

The dollars loaned to LCMS organizations are raised through interest-bearing instruments issued to individuals, organizations, congregations and all related entities of the Synod.

Different types of investments are offered by LCEF and CEFs. Interest rates are dependent on the type and term of the investment. Visit ***lcef.org*** for full investment details. Typically, the investments offered by LCEF are as follows:

1. StewardAccount® (easy-access investments that build over time with interest earned)
2. Family Emergency StewardAccount (designed to prepare you for those moments when you need funds not allocated in your monthly budget; minimum $25 monthly electronic investment required)
3. Young Investors (Y.I.) StewardAccount (see details below)
4. ConnectPLUS, for new investors (new money; two-year note with premium rate on first tier)*
5. PartnerPLUS for current investors (two and four-year term notes with premium rate on first tier)**
6. Fixed-rate term notes (one, two, three, four and five years) 5 year jumbo
7. Floating-rate term notes (30 and 60 months)
8. Individual Retirement Accounts (IRA) (fixed and floating rate term notes available)
9. Health Savings Accounts (HSAs) (available to those enrolled in eligible high-deductible health plans)
10. Congregational investments (StewardAccount, fixed and floating-rate term notes)
11. Church Worker StewardAccount (for LCMS rostered and lay church workers)

***If your congregation has an LCEF investment, please contact LCEF at 800-843-5233 when new officers are elected.***

**Young Investors (Y.I.) Club**

The Y.I. Club was created because children are never too young to learn that God gives us many blessings to use wisely and share with others. And by sharing, we can help others hear about Jesus!

Sharing and learning can start at birth and continue into the high-school years. The Y.I. Club is meant to help prepare our future leaders to be good stewards of their money and other God-given gifts, while giving them the benefits of investing with LCEF.

Open to LCMS members with children up through age 18, the Y.I. Club begins with $25 invested in a Y.I. StewardAccount (which earns a premium rate on balances up to $1,000).

## 19.300: Loans

Church Extension Fund loans are available to all congregations, schools and affiliated organizations (RSOs, etc.) of the Synod. Loans are available for real estate, capital expenditures, lines of credit and residential (for Rostered Church Workers only). Visit ***lcef.org*** or call 800-843-5233 for details. Congregations who wish to borrow from LCEF or a CEF should contact their district office for loan applications and guidelines under which loans are made. Loan applications are reviewed by the local district board and/or the national LCEF office. All non-congregational borrowers in LCEF districts should contact *national.lending@lcef.org*. Rostered church workers are also eligible to recieve consolidation loans through the Lutheran Federal Credit Union at favorable rates. Visit *lutheranfcu.org/rcw.*

## 19.400: Ministry Solutions

Lutheran Church Extension Fund helps LCMS ministries define opportunities, design solutions and align resources that propel the Kingdom forward. We discover with you where God is leading and, with your leaders, design creative and relevant solutions for what is ahead.

**Define** Opportunities - **Design** Solutions - **Align** Resources

For more information about LCEF's ministry solutions, contact your district vice president. Visit ***lcef.org/district-vice-presidents***.

## 19.500 Real Estate Solutions Program

LCEF provides solutions to help you steward your real estate resources. Real Estate Solutions (RES) understands the unique nature and requirements associated with religious-owned assets. Whether working with an individual, church, organization or district, this team becomes and extension of that ministry to help them best steward their entrusted assets. We understand that every dollar saved goes toward building the Kingdom, and we take our role and responsibility in the process very seriously.

When to contact LCEF's Real Estate Solutions team:

- You are considering purchasing real estate.
- You are considering selling real estate.
- You would like to strategically discuss your portfolio.
- You have been approached by a developer.
- You would like to expand ministry through your real estate assets.
- You are pondering a construction project.
- You have extensive deferred maintenance.
- You are considering the opportunity for senior housing.

## 19.600: Stewardship Resources

There are many ways stewardship can be taught and experienced. To support your efforts, LCEF offers resources that can supplement or begin your stewardship education program:

- ***Joyful Response*®: ** LCEF offers e-tithing and e-tuition payments through the Joyful Response program, a free stewardship service for LCMS congregations, schools and Recognized Service Organizations (RSOs).

  Free of charge through LCEF, Joyful Response allows your members to give one-time gifts or recurring tithe on your church website or by a mobile phone app. Or, for a small fee, text giving can be set up (charged to the congregation).
- **Consecrated Stewards:** Consecrated Stewards is a grace-based biblical stewardship program designed to energize members in their services to Jesus and His church. The process is not tied to the church budget but to the need of the giver to give. Most congregations that participate report increases in annual commitments of 15% to 35%. LCEF trained and certified facilitators will guide your members to celebrate congregation ministries using solid Lutheran Bible Study materials, Sunday School lessons and sermon outlines. Individual results vary.
- **Y.I. Stamps (part of Y.I. Club):** The Y.I. Stamp Program provides schools and congregations the opportunity to teach stewardship concepts and families can have fun adding to a child's investment, one stamp at a time.

## 19.700: LCEF's Signature Sponsorship Series

This cooperative funding program empowers congregations, schools and other LCMS ministries to more effectively share their story and increase visibility within their communities. Sponsorships are available to help defray the expenses of communication tools such as indoor and outdoor signs, scoreboards, audio-visual equipment, print materials and website design.

For more information, contact your LCEF district vice president. Visit ***lcef.org/district-vice-presidents***.

# 19.800:
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# Glossary
(Volume 1)

### Accountable Plan
A plan adopted by an organization for reimbursing out-of-pocket business expenses to volunteer workers and employees. The plan must be adopted by the responsible body. Each business expense should be substantiated with adequate records and receipts to the organization within a reasonable time for reimbursement or to close an advance payment. Any unused advance payment must be returned.

### Annuity
A contract that pays a monthly (or quarterly, semi-annual or annual) income benefit for the life of a person or for a specified period of time.

### Cafeteria Plan
The Cafeteria Plan comes from Section 125 of the Internal Revenue Code. Section 125 allows employers to offer workers a choice of cash or certain employer paid benefits including group term life insurance, medical insurance premiums, reimbursements of certain medical expense and dependent care. Note that the worker must have the option of receiving an employer paid benefit or cash. If cash is selected by the worker the amount paid is included on the W-2 while qualified benefits are not included on the W-2. (See also, Flexible Spending Arrangements below.)

### Compensation
The total cost of a worker to the organization including salary, allowances and benefits, but exclusive of reimbursed expenses.

### Contribution
In the context of the Church Treasurer a contribution is a gift of cash, services, time or property for which a value can be fixed and for which a receipt may be required.

### Debt Financed
Property purchased by securing a mortgage loan.

### Deferred Compensation
Method of supplementing an individual's retirement benefits by deferring a portion of his or her current earnings. To qualify for a tax advantage, the IRS requires a written agreement between an individual and the employer stating the specified period or deferral of income. An election by an individual to defer income must be irrevocable and must be made prior to performing the service for which income deferral is sought.

### Employer Identification Number (EIN)
An EIN is necessary for an organization once it incorporates. This 9-digit number must be used on all forms and filings to the IRS, and for opening a checking or savings account in the organization's name.

### Endowment Fund
Permanent and true endowments—funds created by third-party donors with the stipulation, as a condition of the gift, that the principal is to be maintained inviolate in perpetuity (principal is not expendable) and that only the income resulting from the investment of the fund may be expended in accordance with instructions by the donor.

Purpose or time restricted term endowments—similar to permanent or true endowments except that the terms of the gift instrument permit the principal to be expended all or in part upon the happening of a particular event or the passage of a stated period of time.

Quasi endowments—funds established by the board of directors or church council and functioning like an endowment fund. However, they are subject to change and restoration to current operating funds at the discretion of the board.

### Excess Group-Term Life Insurance
The Internal Revenue Service has ruled under Internal Revenue Code Section 72(m) that the cost of group-term life insurance, or its equivalent, for benefits in excess of $50,000 purchased as a part of a qualified plan is to be included as part of the gross income of the participant for the tax year. The IRS has also ruled in IRC Section 79 that such cost is also subject to Social Security tax (FICA or SECA). The cost for such benefits is established by the IRS and is based on the age of the worker.

### Excise Tax
Tax imposed on an act, occupation, privilege, manufacture, sale or consumption.

### Federal Forms
**FORM W-2—**"Wage and Tax Statement" — This form is used to report annual income given to an employee. Three copies go to the employee, one is retained by the employer, and the fifth is submitted to the IRS, along with Form W-3.

**FORM W-2C—**"Statement of Corrected Income and Tax Amounts" — This form is used to correct an error on a previously distributed Form W-2. If the taxpayer has not yet filed an income tax return for the year shown, he or she must attach a copy of the original Form W-2 along with a copy of Form W-2C to their income tax return.

**FORM W-2G—**"Certain Gambling Winnings" — This form is filled in by the payor of gambling winnings. A copy is given to the winner. A copy is also filed with IRS. If any income tax has been withheld, also submit Form 945 to IRS.

**FORM W-3—**"Transmittal of Income and Tax Statements" — This form is used when submitting the Form W-2s to the Social Security Administration for the various employees.

**FORM W-3C—**"Transmittal of Corrected Income and Tax Statements" — This form is used when submitting the Form W-2C(s) to the Social Security Administration.

**FORM W-4—**"Employee's Withholding Allowance Certificate" — This form is filled in by an employee upon hiring. The employee designates his or her withholding allowances for tax purposes. The information is then used to calculate the required amount of funds withheld from the employee's pay.

**FORM W-9—**"Request for Taxpayer Identification Number and Certification" — This form is used to obtain the correct TIN from someone or some company that provided your business a service.

**FORM 673—**"Certificate of Registry" — This form is used by nonprofit schools to obtain a federal excise tax exemption.

**FORM 843—**"Claim for Refund and Request for Abatement" — This form is used to request a refund of overpaid income taxes on unrelated business.

**FORM 941—**"Employer's Quarterly Federal Tax Return" — This form is used for the submission of quarterly payments of FICA taxes, both the employee and employer portion, and federal income taxes.

**FORM 941-X—**"Adjusted Employer's QUARTERLY Federal Tax Return or Claim for Refund" — This form is used to correct errors reported on a previously filed Form 941.

**FORM 945—**"Annual Return of Withheld Federal Income Tax" — This form is used for withholding reported on Forms 1099 and W-2G.

**FORM 990—**"Return of Organization Exempt From Income Tax" — This form is used by a tax-exempt organization to provide IRS with information about its programs and accomplishments. However, churches, church-operated schools, church auxiliaries and separately incorporated schools below college level are not required to file this form.

**FORM 990-T—**"Tax-Exempt Organization Business Income Tax Return" — This form is used to report all income from unrelated business if the gross amount received is over $1,000.

**FORM 990-N—**"Electronic Notice (e-Postcard) for Tax-Exempt Organizations …" — This form does not apply to churches, their integrated auxiliaries or church-operated schools below college level.

**FORM 1040—**"U.S. Individual Income Tax Return" — Used for filing individual income tax.

**Schedule A—**For reporting itemized deductions from income.

**Schedule C—**For reporting profit or loss for a business.

**Schedule SE—**Used for recording expenses and income by self-employed individuals.

**FORM 1040ES—**"Estimated Tax for Individuals"—These vouchers are used on a quarterly basis by ordained and commissioned ministers expecting to owe at least $1,000 in federal income tax and self-employment taxes.

**FORM 1096—**"Annual Summary and Transmittal of U.S. Information Returns" — This form is used when submitting various forms (such as 1099's) for informational purposes to the IRS.

**FORM 1098—**"Mortgage Interest Statement" — This form is used to report mortgage interest payments made by the borrower to the lender. The lender fills-in the form, gives one copy to the borrower, retains one copy and submits the third copy to IRS. However, if a congregation assists its minister with the purchase of a home by means of a District Church Extension Fund loan, the congregation is the entity responsible for completing and distributing the form.

**FORM 1098-C—**"Contributions of Motor Vehicles, Boats, and Airplanes" — This form is used to provide a contemporaneous written acknowledgement to the donor (copies B, C) and when reporting the same information to the IRS (copy A) when the claimed value is $500 or more.

**FORM 1099-MISC—**"Miscellaneous Income" — This form is used to report miscellaneous income given to an individual. One copy is given to the individual, one is retained by the employer and the third is submitted to the IRS using Form 1096. (In 2020 Form 1099 NEC will be used to report nonemployee compensation)

**FORM 1099-R—**"Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc." — Filled-in by Concordia Plan Services and distributed to retirees under CRP and the Pension Plan for Pastors and Teachers.

**FORM 5578—**"Annual Certification of Racial Nondiscrimination for a Private School Exempt from Federal Income Tax" — This form must be filed to provide the IRS with the annual certification of racial nondiscrimination required by Rev. Proc. 70-50, or included on Schedule E of Form 990.

**FORM 8282—**"Donee Information Return" — Form used by donee organizations to report information to the IRS about dispositions of certain charitable deduction property made within three years after the donor contributed it.

**FORM 8283—**"Noncash Charitable Contributions" — Used by individual donors when claiming a tax deduction for any noncash gifts that exceed $500.

**FORM 8300—**"Report of Cash Payments Over $10,000 Received in a Trade or Business" — Used to report any single cash transaction or two or more related transactions (i.e. any receipt, other than contributions) that exceeds $10,000, from trade and business activity.

**FORM 8849—**“Claim for Refund of Excise Taxes” — Used to claim tax paid on gasoline or diesel fuel used in school buses.

**FORM SS4—**“Application for Employer Identification Number.” Use this form to apply for an employer identification number which is assigned for tax filing and reporting purposes. Form SS4 can be completed and filed online *at irs.gov*.

**I-9 Employment Eligibility Verification—**This form is to be completed when hiring an employee to verify identity and authorization for employment in the United States. The form must be retained and available for inspection if requested.

### FICA
Federally Insured Contributions Act (Social Security and Medicare). The employer and employee pay an equal share of the tax.

### Fiduciary
A person having responsibility for the assets of another or others. A treasurer has fiduciary responsibility to the church as an institution and to the members as donors for the proper management of assets and gifts.

### Flexible Spending Arrangements (FSA)
The health Flexible Spending arrangement (FSA) allows the employee to designate a portion of his or her salary for qualified health or dependent care expenses as pre-tax dollars. Funds must be used in the year designated or they will be forfeited. Employers may offer only one of the two following options or none at all: 1) it can provide a “grace period” of up to two and a half extra months to use the remaining FSA money, or 2) it can allow employees to carry up to $500 per year to use in the following year. Amounts designated by the employee are not included on the W-2. The employer also receives a tax saving through reduced FICA compensation and Worker’s Compensation premiums. Federal reporting requirements are the same as for cafeteria plans. See IRS Publication 969.

### Health Reimbursement Account (HRA)
An account established by an employer to help cover employees’ out-of-pocket healthcare expenses; it has an unfunded account balance; the account is reimbursed by the employer as claims are incurred. See IRS Publication 969.

### Health Savings Account (HSA)
HSA is a tax-advantage medical savings account for employees who are enrolled in a high deductible health plan. The funds contributed to the HSA are not subject to federal income tax at the time of deposit. Both employees and employers can make contributions into the account, but the account is owned and controlled by the employee. See IRS Publication 969.

### Housing Allowance
A portion of a minister’s gross salary designated by resolution used to furnish and maintain a residence. The allowance offers certain tax options and may be used with a furnished parsonage, an owned home or rented residence.

### IRA
An individual retirement account, setup at a financial institution, such as LCEF, designed to help employees save for retirement. There are several types of IRAs, the most common are Traditional and Roth.

### IRC
Internal Revenue Code — The code containing the rules and regulations of the Internal Revenue Service. Codes are usually noted by section.

### Qualified Organization
An organization eligible to receive tax deductible contributions under the Internal Revenue Code. All Synod congregations and their auxiliaries and schools are “qualified organizations” under the Synod’s blanket tax exemption.

### Quid Pro Quo
Something for something, exchange. A written disclosure statement must be provided when a payment made partly as a contribution and partly for goods and services, over $75.

### Recognized Service Organization (RSO)
An organization formally recognized by The Lutheran Church—Missouri Synod that extends the mission and ministry of the Synod but is not a part of the Synod as defined in the constitution and bylaws. *lcms.org/rsos*

### Reimbursement
Pay back for expenses incurred.

### SECA
Self-Employment Contributions Act — Funds Social Security benefits for those individuals who are self-employed. Minister of the Gospel is subject to SECA.

### Substantiation Charitable Contribution
A receipt or written acknowledgement provided to a donor by a qualified organization reporting a donation and required for compliance with the Internal Revenue Code.

### Tax Sheltered Annuity (TSA)
Employer-sponsored tax-deferred retirement plan available to non-profit organizations. It is also called a 403(b) plan.

### Unrelated Business Income (UBI)
In a non-profit organization, income unrelated to the business for which the company is incorporated.

# Blank Forms (Volume 1)

*These forms are provided for congregational use and may be copied.*

**Payroll**

Congregational Payroll Information
Employment Eligibility Verification (Form I-9)
Payroll Authorization Form
Individual Payroll Record

**Miscellaneous**

Minister's Estimate for Housing Allowance Expenses
Request and Authorization for Inclusion in the LCMS Group Tax Exemption — RS12
Form 5578 — Annual Certification of Racial Nondiscrimination for a Private School Exempt from Federal Income Tax
Form 1098-C — Contributions of Motor Vehicles, Boats, and Airplanes (Copy B)
Form 8282 — Donee Information Return
Form 8283 — Noncash Charitable Contributions
Form 8300 — Report of Cash Payments Over $10,000 Received in a Trade or Business

 

# CONGREGATIONAL PAYROLL INFORMATION

| POSITION NAME | PAYROLL PERIOD | PER PAY PERIOD | | | | | MARITAL STATUS | NO. OF EXEMP. | PER PAY PERIOD | | | | | NET PAY |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Gross Salary | Housing Allowance | Net Salary | Other | TSA | | | Federal WIH | State WIH | (6.20%) FICA | (1.45) Medicare | Other ____ | |
| | | | | | | | | | | | | | | |
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# Employment Eligibility Verification

**Department of Homeland Security**

U.S. Citizenship and Immigration Services

►**START HERE: Read instructions carefully before completing this form. The instructions must be available, either in paper or electronically, during completion of this form. Employers are liable for errors in the completion of this form.**

**ANTI-DISCRIMINATION NOTICE:** It is illegal to discriminate against work-authorized individuals. Employers **CANNOT** specify which document(s) an employee may present to establish employment authorization and identity. The refusal to hire or continue to employ an individual because the documentation presented has a future expiration date may also constitute illegal discrimination.

## Section 1. Employee Information and Attestation *(Employees must complete and sign Section 1 of Form I-9 no later than the **first day of employment**, but not before accepting a job offer.)*

| Last Name *(Family Name)* | First Name *(Given Name)* | Middle Initial | Other Last Names Used *(if any)* |
|---|---|---|---|
| | | | |

| Address *(Street Number and Name)* | Apt. Number | City or Town | State | ZIP Code |
|---|---|---|---|---|
| | | | | |

| Date of Birth *(mm/dd/yyyy)* | U.S. Social Security Number | Employee's E-mail Address | Employee's Telephone Number |
|---|---|---|---|
| | - - | | |

**I am aware that federal law provides for imprisonment and/or fines for false statements or use of false documents in connection with the completion of this form.**

**I attest, under penalty of perjury, that I am (check one of the following boxes):**

☐ 1. A citizen of the United States

☐ 2. A noncitizen national of the United States *(See instructions)*

☐ 3. A lawful permanent resident (Alien Registration Number/USCIS Number): ____________

☐ 4. An alien authorized to work until (expiration date, if applicable, mm/dd/yyyy): ____________
Some aliens may write "N/A" in the expiration date field. *(See instructions)*

*Aliens authorized to work must provide only one of the following document numbers to complete Form I-9:*
*An Alien Registration Number/USCIS Number OR Form I-94 Admission Number OR Foreign Passport Number.*

**1.** Alien Registration Number/USCIS Number: ____________

**OR**

**2.** Form I-94 Admission Number: ____________

**OR**

**3.** Foreign Passport Number: ____________

Country of Issuance: ____________

QR Code - Section 1
Do Not Write In This Space

| Signature of Employee | Today's Date *(mm/dd/yyyy)* |
|---|---|
| | |

## Preparer and/or Translator Certification (check one):

☐ I did not use a preparer or translator. ☐ A preparer(s) and/or translator(s) assisted the employee in completing Section 1.

*(Fields below must be completed and signed when preparers and/or translators assist an employee in completing Section 1.)*

**I attest, under penalty of perjury, that I have assisted in the completion of Section 1 of this form and that to the best of my knowledge the information is true and correct.**

| Signature of Preparer or Translator | Today's Date *(mm/dd/yyyy)* |
|---|---|
| | |

| Last Name *(Family Name)* | First Name *(Given Name)* |
|---|---|
| | |

| Address *(Street Number and Name)* | City or Town | State | ZIP Code |
|---|---|---|---|
| | | | |

STOP *Employer Completes Next Page* STOP

## Section 2. Employer or Authorized Representative Review and Verification

*(Employers or their authorized representative must complete and sign Section 2 within 3 business days of the employee's first day of employment. You must physically examine one document from List A OR a combination of one document from List B and one document from List C as listed on the "Lists of Acceptable Documents.")*

| **Employee Info from Section 1** | Last Name *(Family Name)* | First Name *(Given Name)* | M.I. | Citizenship/Immigration Status |
|---|---|---|---|---|
| | | | | |

| **List A** Identity and Employment Authorization | **OR** | **List B** Identity | **AND** | **List C** Employment Authorization |
|---|---|---|---|---|
| Document Title | | Document Title | | Document Title |
| Issuing Authority | | Issuing Authority | | Issuing Authority |
| Document Number | | Document Number | | Document Number |
| Expiration Date *(if any)(mm/dd/yyyy)* | | Expiration Date *(if any)(mm/dd/yyyy)* | | Expiration Date *(if any)(mm/dd/yyyy)* |

| List A (continued) |
|---|
| Document Title |
| Issuing Authority |
| Document Number |
| Expiration Date *(if any)(mm/dd/yyyy)* |
| Document Title |
| Issuing Authority |
| Document Number |
| Expiration Date *(if any)(mm/dd/yyyy)* |

Additional Information

QR Code - Sections 2 & 3
Do Not Write In This Space

**Certification: I attest, under penalty of perjury, that (1) I have examined the document(s) presented by the above-named employee, (2) the above-listed document(s) appear to be genuine and to relate to the employee named, and (3) to the best of my knowledge the employee is authorized to work in the United States.**

**The employee's first day of employment *(mm/dd/yyyy)*:** ________________ ***(See instructions for exemptions)***

| Signature of Employer or Authorized Representative | Today's Date *(mm/dd/yyyy)* | Title of Employer or Authorized Representative |
|---|---|---|
| | | |

| Last Name of Employer or Authorized Representative | First Name of Employer or Authorized Representative | Employer's Business or Organization Name |
|---|---|---|
| | | |

| Employer's Business or Organization Address (Street Number and Name) | City or Town | State | ZIP Code |
|---|---|---|---|
| | | | |

## Section 3. Reverification and Rehires *(To be completed and signed by employer or authorized representative.)*

| **A.** New Name *(if applicable)* | | | **B.** Date of Rehire *(if applicable)* |
|---|---|---|---|
| Last Name *(Family Name)* | First Name *(Given Name)* | Middle Initial | Date *(mm/dd/yyyy)* |

**C.** If the employee's previous grant of employment authorization has expired, provide the information for the document or receipt that establishes continuing employment authorization in the space provided below.

| Document Title | Document Number | Expiration Date *(if any) (mm/dd/yyyy)* |
|---|---|---|
| | | |

**I attest, under penalty of perjury, that to the best of my knowledge, this employee is authorized to work in the United States, and if the employee presented document(s), the document(s) I have examined appear to be genuine and to relate to the individual.**

| Signature of Employer or Authorized Representative | Today's Date *(mm/dd/yyyy)* | Name of Employer or Authorized Representative |
|---|---|---|
| | | |

# PAYROLL AUTHORIZATION FORM

NEW EMPLOYEE ☐ REVISION ☐ REMOVAL ☐ EFFECTIVE DATE ______

NAME ______ DATE OF BIRTH ______

SSN ______ MARITAL STATUS ______ EXEMPTIONS ______

POSITION ______ DATE OF HIRE ______ DATE OF CHURCH COUNCIL ACTION ______

STATUS FULL TIME ☐ PART TIME ☐ NO. OF MONTHS/YEAR ______

MINISTER OF THE GOSPEL? YES ☐ NO ☐ HOURS/WEEK ______

| REMUNERATION | PER PAY PERIOD | ANNUALLY |
|---|---|---|
| SALARY | $ ______ | $ ______ |
| HOUSING ALLOWANCE | ______ | ______ |
| OTHER | ______ | ______ |
| TSA | ______ | ______ |
| TOTAL | $ ______ | $ ______ |

**RATE:** HOURLY $______ WEEKLY $______ MONTHLY $______

**AUTO EXPENSES** REIMBURSE ______ CENTS PER MILE *or* ______ MONTHLY ALLOWANCE

**DEDUCTIONS PER PAY PERIOD** (YES, NO OR AMOUNT)

| | | | |
|---|---|---|---|
| FEDERAL INCOME TAX | ______ | TSA | ______ |
| SOCIAL SECURITY TAX | ______ | All-Cause Accident | ______ |
| MEDICARE TAX | ______ | Local Income Tax | ______ |
| STATE INCOME TAX | ______ | | |

**CONCORDIA PLANS OR OTHER HEALTH PLANS**

ELIGIBLE YES ☐ NO ☐

BASIS: RETIREMENT FULL ☐ REGULAR ☐

HEALTH COVERAGE OPTION: ______

SURVIVOR/DISABILITY FULL ☐ REGULAR ☐

ENROLLED IN ALL-CAUSE ACCIDENT YES ☐ NO ☐

**FORMS COMPLETED**

| | | |
|---|---|---|
| CONCORDIA PLAN SERVICES ENROLLMENT FORMS | YES ☐ | NO ☐ |
| W-4 WITHHOLDING ALLOWANCE CERTIFICATES | YES ☐ | NO ☐ |
| I-9 EMPLOY. ELIGIBILITY VERIFICATION | YES ☐ | NO ☐ |
| NEW HIRE REPORTING | YES ☐ | NO ☐ |
| STATEMENT TO EMPLOYEE THAT NO UNEMPLOYMENT INSURANCE IS AVAILABLE | YES ☐ | NO ☐ |

OTHER ______

**PERMANENT MAILING ADDRESS**

______
STREET

______
CITY/STATE ZIP

______
TELEPHONE

**IN CASE OF EMERGENCY**

______
STREET

______
CITY/STATE ZIP

______
TELEPHONE

**COMPLETED BY:**

______
SIGNED

______
TITLE DATE

**APPROVED BY:**

______
SIGNED

______
TITLE DATE

# INDIVIDUAL PAYROLL RECORD

Year ______________

Employee Name ______________________ Social Security No. ______________________ Marital Status ______________ Exemption Allowance(s)______________

Address ______________________ Position ______________________ Exempt from federal income tax withholding? Yes__________ No__________

______________________ Phone No. ______________________ Rate: Hourly $__________ Weekly $__________ Monthly $__________

| Period Ending | Earnings | | | | | Deductions | | | | | | Net Paid | Check No. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Gross Salary | Housing Allowance | Auto Allowance | Christmas Gift | Total Earnings | Federal Withheld | Social Security Tax | Medicare Tax | State Withheld | Other ______ | Advance | | |
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| Total 4th Qtr. | | | | | | | | | | | | | |
| Annual Totals | | | | | | | | | | | | | |

# Minister's Estimate of Expenses for Housing Allowance

| Item | | Amount |
|---|---|---|
| 1. Rent on home | | $__________ |
| 2. Garage rental | | __________ |
| 3. Down payment, legal, loan and title fees; on purchase of home | | __________ |
| 4. Mortgage payments (principal and interest) | | __________ |
| 5. Real estate taxes on home | | __________ |
| 6. Property insurance (homeowner's and renter's) | | __________ |
| 7. Utilities: Gas | __________ | |
| Electricity | __________ | |
| Water | __________ | |
| Heat | __________ | |
| Telephone (basic service) | __________ | |
| Trash Pick-up | __________ | |
| Storm Drainage | __________ | |
| 8. Furnishing and appliances (purchase and repair) | | __________ |
| 9. Structural repairs and remodeling | | __________ |
| 10. Lawn care and landscaping | | __________ |
| 11. Maintenance items (household cleaners, light bulbs, pest control) | | __________ |
| 12. Other allowable expenses (specify) | | __________ |
| 13. Home Owner's Association Dues | | __________ |
| TOTAL | | $__________ |

# Request and Authorization for Inclusion in the LCMS Group Tax Exemption

RS12

The undersigned representative of the ______________________________________________

______________________________________________

(Select and type one or any combination of the following: Daycare, Preschool, or School, i.e., early childhood center, elementary school, middle school, junior high school, high school) ______________________________

______________________________ hereby certifies that it has articles of incorporation and bylaws which have been reviewed by its own legal council to verify that said organization—

i) is controlled by the ______________________________________________

______________________________________________

congregations(s) of the Lutheran Church—Missouri Synod, and that such control is authorized and evidenced by inclusion in said organization's articles of incorporation and/or bylaws of a provision to the effect that the authority to appoint and remove all of or a majority of the directors of this organization is vested in the above-referenced congregations(s) voters' assembly or some other official board or committee of the congregation(s), and

ii) has Articles of Incorporation and Bylaws that are in accordance with all the provisions of Internal Revenue Code Section 501(c)(3), i.e. specific provision required by the Internal Revenue Service to be included in Articles of Incorporation and Bylaws. Two such examples include 1) specific provisions regarding its purpose—religious, educational and charitable, and 2) what would occur in the event of its dissolution—that all assets remaining after all liabilities and other obligations have been paid shall be transferred to the parent congregation or congregations.

Having met the requirements of i) and ii), the undersigned herewith authorizes and requests inclusion in the Federal income tax group exemption ruling of the Internal Revenue Service issued to the Synod covering its components parts, member congregations and their schools. The undersigned further agrees to report to the Synod:

1) any changes in its name,
2) any changes in its mailing address, and
3) any changes in its operations which would have an effect upon its right to continue to be exempt from income tax.

Organization's Name ______________________________________________

Address ______________________________________________

Street Address City State ZIP

Employer Identification Number (EIN) ______________________________

Officer ______________________________ Title ______________________________

Signature ______________________________ Date ________________

Form **5578**

(Rev. November 2019)

Department of the Treasury
Internal Revenue Service

# Annual Certification of Racial Nondiscrimination for a Private School Exempt From Federal Income Tax

**(for use by organizations that do not file Form 990 or Form 990-EZ)**

**► Go to *www.irs.gov/Form5578* for the latest information.**

OMB No. 1545-0047

**Open to Public Inspection**

**For IRS Use Only**

For the period beginning , 20 and ending , 20

**1a** Name of organization that operates, supervises, and/or controls school(s).

**1b Employer identification number**

Address (number and street or P.O. box no., if mail is not delivered to street address) | Room/suite

City or town, state, and ZIP + 4 (If foreign address, list city or town, state or province, and country. Include postal code.)

**2a** Name of central organization holding group exemption letter covering the school(s). (If same as 1a above, write "Same" and complete 2c.) If the organization in 1a holds an individual exemption letter, write "Not Applicable."

**2b Employer identification number**

Address (number and street or P.O. box no., if mail is not delivered to street address) | Room/suite

**2c** Group exemption number (see instructions under *Definitions*)

City or town, state, and ZIP + 4 (If foreign address, list city or town, state or province, and country. Include postal code.)

**3a** Name of school. (If more than one school, write "See Attached" and attach a list of the names, complete addresses, including postal codes, and employer identification numbers of the schools.) If same as 1a, write "Same."

**3b Employer identification number,** if any

Address (number and street or P.O. box no., if mail is not delivered to street address) | Room/suite

City or town, state, and ZIP + 4 (If foreign address, list city or town, state or province, and country. Include postal code.)

Under penalties of perjury, I hereby certify that I am authorized to take official action on behalf of the above school(s) and that to the best of my knowledge and belief the school(s) has (have) satisfied the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, for the period covered by this certification.

(Signature) (Type or print name and title.) (Date)

**For Paperwork Reduction Act Notice, see instructions.** Cat. No. 42658A Form **5578** (Rev. 11-2019)

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7878 ☐ VOID ☐ CORRECTED

| | | | | |
|---|---|---|---|---|
| DONEE'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no. | 1 Date of contribution | | OMB No. 1545-1959<br>Form **1098-C**<br>(Rev. November 2019)<br>For calendar year<br>20 ____ | **Contributions of Motor Vehicles, Boats, and Airplanes** |
| | 2a Odometer mileage | | | |
| | **2b** Year | **2c** Make | **2d** Model | |
| DONEE'S TIN / DONOR'S TIN | 3 Vehicle or other identification number | | | |
| DONOR'S name | 4a ☐ Donee certifies that vehicle was sold in arm's length transaction to unrelated party | | | |
| Street address (including apt. no.) | 4b Date of sale | | | **Copy A** |
| City or town, state or province, country, and ZIP or foreign postal code | 4c Gross proceeds from sale (see instructions)<br>$ | | | **For Internal Revenue Service Center** |
| 5a ☐ Donee certifies that vehicle will not be transferred for money, other property, or services before completion of material improvements or significant intervening use | | | | **File with Form 1096.** |
| 5b ☐ Donee certifies that vehicle is to be transferred to a needy individual for significantly below fair market value in furtherance of donee's charitable purpose | | | | For Privacy Act and Paperwork Reduction Act Notice, see the **current General Instructions for Certain Information Returns.** |
| 5c Donee certifies the following detailed description of material improvements or significant intervening use and duration of use | | | | |
| 6a Did you provide goods or services in exchange for the vehicle? . . . . . . . . . . . . . . . . ▶ Yes ☐ No ☐ | | | | |
| 6b Value of goods and services provided in exchange for the vehicle<br>$ | | | | |
| 6c Describe the goods and services, if any, that were provided. If this box is checked, donee certifies that the goods and services consisted solely of intangible religious benefits . . . . . . . . . . . . . . . . . . . . . . . . ▶ ☐ | | | | |
| 7 Under the law, the donor may not claim a deduction of more than $500 for this vehicle if this box is checked . . . . . . ▶ ☐ | | | | |

Form **1098-C** (Rev. 11-2019) Cat. No. 39732R www.irs.gov/Form1098C Department of the Treasury - Internal Revenue Service

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Form **8282**
(Rev. April 2009)
Department of the Treasury
Internal Revenue Service

# Donee Information Return

**(Sale, Exchange, or Other Disposition of Donated Property)**

▶ **See instructions.**

OMB No. 1545-0908

**Give a Copy to Donor**

**Parts To Complete**

- If the organization is an **original donee,** complete *Identifying Information,* Part I (lines 1a–1d and, if applicable, lines 2a–2d), and Part III.
- If the organization is a **successor donee,** complete *Identifying Information,* Part I, Part II, and Part III.

## Identifying Information

| | | |
|---|---|---|
| **Print or Type** | Name of charitable organization (donee) | **Employer identification number** |
| | Address (number, street, and room or suite no.) (or P.O. box no. if mail is not delivered to the street address) | |
| | City or town, state, and ZIP code | |

## Part I Information on ORIGINAL DONOR and SUCCESSOR DONEE Receiving the Property

| | |
|---|---|
| **1a Name of original donor of the property** | **1b Identifying number(s)** |
| **1c** Address (number, street, and room or suite no.) (P.O. box no. if mail is not delivered to the street address) | |
| **1d** City or town, state, and ZIP code | |

**Note.** Complete lines 2a–2d only if the organization gave this property to another charitable organization (successor donee).

| | |
|---|---|
| **2a Name of charitable organization** | **2b Employer identification number** |
| **2c** Address (number, street, and room or suite no.) (or P.O. box no. if mail is not delivered to the street address) | |
| **2d** City or town, state, and ZIP code | |

## Part II Information on PREVIOUS DONEES. Complete this part only if the organization was not the first donee to receive the property. See the instructions before completing lines 3a through 4d.

| | |
|---|---|
| **3a Name of original donee** | **3b Employer identification number** |
| **3c** Address (number, street, and room or suite no.) (or P.O. box no. if mail is not delivered to the street address) | |
| **3d** City or town, state, and ZIP code | |
| **4a Name of preceding donee** | **4b Employer identification number** |
| **4c** Address (number, street, and room or suite no.) (or P.O. box no. if mail is not delivered to the street address) | |
| **4d** City or town, state, and ZIP code | |

**For Paperwork Reduction Act Notice, see page 4.** Cat. No. 62307Y Form **8282** (Rev. 4-2009)

**Part III** **Information on DONATED PROPERTY**

| | 1. Description of the donated property sold, exchanged, or otherwise disposed of and how the organization used the property. (If you need more space, attach a separate statement.) | 2. Did the disposition involve the organization's entire interest in the property? | | 3. Was the use related to the organization's exempt purpose or function? | | 4. Information on use of property. • If you answered "Yes" to question 3 and the property was tangible personal property, describe how the organization's use of the property furthered its exempt purpose or function. Also complete Part IV below. • If you answered "No" to question 3 and the property was tangible personal property, describe the organization's intended use (if any) at the time of the contribution. Also complete Part IV below, if the intended use at the time of the contribution was related to the organization's exempt purpose or function and it became impossible or infeasible to implement. |
|---|---|---|---|---|---|---|
| | | Yes | No | Yes | No | |
| A | | | | | | |
| B | | | | | | |
| C | | | | | | |
| D | | | | | | |

| | | Donated Property | | | |
|---|---|---|---|---|---|
| | | A | B | C | D |
| 5 | Date the organization received the donated property (MM/DD/YY) | / / | / / | / / | / / |
| 6 | Date the original donee received the property (MM/DD/YY) | / / | / / | / / | / / |
| 7 | Date the property was sold, exchanged, or otherwise disposed of (MM/DD/YY) | / / | / / | / / | / / |
| 8 | Amount received upon disposition | $ | $ | $ | $ |

**Part IV** **Certification**

You must sign the certification below if any property described in Part III above is tangible personal property and:

- You answered "Yes" to question 3 above, or
- You answered "No" to question 3 above and the intended use of the property became impossible or infeasible to implement.

Under penalties of perjury and the penalty under section 6720B, I certify that either: (1) the use of the property that meets the above requirements, and is described above in Part III, was substantial and related to the donee organization's exempt purpose or function; or (2) the donee organization intended to use the property for its exempt purpose or function, but the intended use has become impossible or infeasible to implement.

Signature of officer | Title | Date

**Sign Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Signature of officer | Title | Date

Type or print name

Form **8283** (Rev. December 2020) Department of the Treasury Internal Revenue Service

# Noncash Charitable Contributions

► **Attach one or more Forms 8283 to your tax return if you claimed a total deduction of over $500 for all contributed property.**

► **Go to *www.irs.gov/Form8283* for instructions and the latest information.**

OMB No. 1545-0074

Attachment Sequence No. **155**

Name(s) shown on your income tax return | **Identifying number**

**Note:** Figure the amount of your contribution deduction before completing this form. See your tax return instructions.

## Section A. Donated Property of $5,000 or Less and Publicly Traded Securities—List in this section **only** an item (or a group of similar items) for which you claimed a deduction of $5,000 or less. Also list publicly traded securities and certain other property even if the deduction is more than $5,000. See instructions.

**Part I** **Information on Donated Property—**If you need more space, attach a statement.

| 1 | **(a)** Name and address of the donee organization | **(b)** If donated property is a vehicle (see instructions), check the box. Also enter the vehicle identification number (unless Form 1098-C is attached). | **(c)** Description and condition of donated property (For a vehicle, enter the year, make, model, and mileage. For securities and other property, see instructions.) |
|---|---|---|---|
| A | | ☐ | |
| B | | ☐ | |
| C | | ☐ | |
| D | | ☐ | |
| E | | ☐ | |

**Note:** If the amount you claimed as a deduction for an item is $500 or less, you do not have to complete columns (e), (f), and (g).

| | **(d)** Date of the contribution | **(e)** Date acquired by donor (mo., yr.) | **(f)** How acquired by donor | **(g)** Donor's cost or adjusted basis | **(h)** Fair market value (see instructions) | **(i)** Method used to determine the fair market value |
|---|---|---|---|---|---|---|
| A | | | | | | |
| B | | | | | | |
| C | | | | | | |
| D | | | | | | |
| E | | | | | | |

## Section B. Donated Property Over $5,000 (Except Publicly Traded Securities, Vehicles, Intellectual Property or Inventory Reportable in Section A)—Complete this section for one item (or a group of similar items) for which you claimed a deduction of more than $5,000 per item or group (except contributions reportable in Section A). Provide a separate form for each item donated unless it is part of a group of similar items. A qualified appraisal is generally required for items reportable in Section B. See instructions.

**Part I** **Information on Donated Property**

2 Check the box that describes the type of property donated.

- **a** ☐ Art* (contribution of $20,000 or more)
- **b** ☐ Qualified Conservation Contribution
- **c** ☐ Equipment
- **d** ☐ Art* (contribution of less than $20,000)
- **e** ☐ Other Real Estate
- **f** ☐ Securities
- **g** ☐ Collectibles**
- **h** ☐ Intellectual Property
- **i** ☐ Vehicles
- **j** ☐ Clothing and household items
- **k** ☐ Other

* Art includes paintings, sculptures, watercolors, prints, drawings, ceramics, antiques, decorative arts, textiles, carpets, silver, rare manuscripts, historical memorabilia, and other similar objects.

** Collectibles include coins, stamps, books, gems, jewelry, sports memorabilia, dolls, etc., but not art as defined above.

**Note:** In certain cases, you must attach a qualified appraisal of the property. See instructions.

| 3 | **(a)** Description of donated property (if you need more space, attach a separate statement) | **(b)** If any tangible personal property or real property was donated, give a brief summary of the overall physical condition of the property at the time of the gift. | **(c)** Appraised fair market value |
|---|---|---|---|
| A | | | |
| B | | | |
| C | | | |

| | **(d)** Date acquired by donor (mo., yr.) | **(e)** How acquired by donor | **(f)** Donor's cost or adjusted basis | **(g)** For bargain sales, enter amount received and attach a separate statement. | **(h)** Amount claimed as a deduction (see instructions) | **(i)** Date of contribution (see instructions) |
|---|---|---|---|---|---|---|
| A | | | | | | |
| B | | | | | | |
| C | | | | | | |

**For Paperwork Reduction Act Notice, see separate instructions.** Cat. No. 62299J Form **8283** (Rev. 12-2020)

| Name(s) shown on your income tax return | **Identifying number** |
|---|---|
| | |

**Part II** **Partial Interests and Restricted Use Property (Other Than Qualified Conservation Contributions)—** Complete lines 4a through 4e if you gave less than an entire interest in a property listed in Section B, Part I. Complete lines 5a through 5c if conditions were placed on a contribution listed in Section B, Part I; also attach the required statement. See instructions.

**4a** Enter the letter from Section B, Part I that identifies the property for which you gave less than an entire interest ▶ ____________
If Section B, Part II applies to more than one property, attach a separate statement.

**b** Total amount claimed as a deduction for the property listed in Section B, Part I: **(1)** For this tax year . . ▶ ____________
**(2)** For any prior tax years ▶ ____________

**c** Name and address of each organization to which any such contribution was made in a prior year (complete only if different from the donee organization above):
Name of charitable organization (donee)

| Address (number, street, and room or suite no.) | City or town, state, and ZIP code |
|---|---|
| | |

**d** For tangible property, enter the place where the property is located or kept ▶ ____________

**e** Name of any person, other than the donee organization, having actual possession of the property ▶ ____________

| | | Yes | No |
|---|---|---|---|
| **5a** | Is there a restriction, either temporary or permanent, on the donee's right to use or dispose of the donated property? | | |
| **b** | Did you give to anyone (other than the donee organization or another organization participating with the donee organization in cooperative fundraising) the right to the income from the donated property or to the possession of the property, including the right to vote donated securities, to acquire the property by purchase or otherwise, or to designate the person having such income, possession, or right to acquire? . . . . . . . . . . . . . . . | | |
| **c** | Is there a restriction limiting the donated property for a particular use? . . . . . . . . . . . . . . . . | | |

**Part III** **Taxpayer (Donor) Statement—**List each item included in Section B, Part I above that the appraisal identifies as having a value of $500 or less. See instructions.

I declare that the following item(s) included in Section B, Part I above has to the best of my knowledge and belief an appraised value of not more than $500 (per item). Enter identifying letter from Section B, Part I and describe the specific item. See instructions.

▶ ____________

Signature of taxpayer (donor) ▶ Date ▶

**Part IV** **Declaration of Appraiser**

I declare that I am not the donor, the donee, a party to the transaction in which the donor acquired the property, employed by, or related to any of the foregoing persons, or married to any person who is related to any of the foregoing persons. And, if regularly used by the donor, donee, or party to the transaction, I performed the majority of my appraisals during my tax year for other persons.

Also, I declare that I perform appraisals on a regular basis; and that because of my qualifications as described in the appraisal, I am qualified to make appraisals of the type of property being valued. I certify that the appraisal fees were not based on a percentage of the appraised property value. Furthermore, I understand that a false or fraudulent overstatement of the property value as described in the qualified appraisal or this Form 8283 may subject me to the penalty under section 6701(a) (aiding and abetting the understatement of tax liability). I understand that my appraisal will be used in connection with a return or claim for refund. I also understand that, if there is a substantial or gross valuation misstatement of the value of the property claimed on the return or claim for refund that is based on my appraisal, I may be subject to a penalty under section 6695A of the Internal Revenue Code, as well as other applicable penalties. I affirm that I have not been at any time in the three-year period ending on the date of the appraisal barred from presenting evidence or testimony before the Department of the Treasury or the Internal Revenue Service pursuant to 31 U.S.C. 330(c).

**Sign Here**

| Appraiser signature ▶ | Date ▶ |
|---|---|
| Appraiser name ▶ | Title ▶ |

| Business address (including room or suite no.) | **Identifying number** |
|---|---|
| City or town, state, and ZIP code | |

**Part V** **Donee Acknowledgment**

This charitable organization acknowledges that it is a qualified organization under section 170(c) and that it received the donated property as described in Section B, Part I, above on the following date ▶ ____________

Furthermore, this organization affirms that in the event it sells, exchanges, or otherwise disposes of the property described in Section B, Part I (or any portion thereof) within 3 years after the date of receipt, it will file **Form 8282**, Donee Information Return, with the IRS and give the donor a copy of that form. This acknowledgment does not represent agreement with the claimed fair market value.

Does the organization intend to use the property for an unrelated use? . . . . . . . . . . . . . . . . ▶ ☐ **Yes** ☐ **No**

| Name of charitable organization (donee) | **Employer identification number** | |
|---|---|---|
| Address (number, street, and room or suite no.) | City or town, state, and ZIP code | |
| Authorized signature | Title | Date |

Form **8283** (Rev. 12-2020)

IRS Form **8300** (Rev. August 2014)

Department of the Treasury Internal Revenue Service

# Report of Cash Payments Over $10,000 Received in a Trade or Business

▶ See instructions for definition of cash.

▶ Use this form for transactions occurring after August 29, 2014. Do not use prior versions after this date.

For Privacy Act and Paperwork Reduction Act Notice, see the last page.

FinCEN Form **8300** (Rev. August 2014) OMB No. 1506-0018 Department of the Treasury Financial Crimes Enforcement Network

1 Check appropriate box(es) if: a ☐ Amends prior report; b ☐ Suspicious transaction.

## Part I Identity of Individual From Whom the Cash Was Received

2 If more than one individual is involved, check here and see instructions . . . ▶ ☐

3 Last name | 4 First name | 5 M.I. | 6 Taxpayer identification number

7 Address (number, street, and apt. or suite no.) | 8 Date of birth . . . ▶ (see instructions) M M D D Y Y Y Y

9 City | 10 State | 11 ZIP code | 12 Country (if not U.S.) | 13 Occupation, profession, or business

14 Identifying document (ID) a **Describe ID** ▶ b **Issued by** ▶ c **Number** ▶

## Part II Person on Whose Behalf This Transaction Was Conducted

15 If this transaction was conducted on behalf of more than one person, check here and see instructions . . . ▶ ☐

16 Individual's last name or organization's name | 17 First name | 18 M.I. | 19 Taxpayer identification number

20 Doing business as (DBA) name (see instructions) | Employer identification number

21 Address (number, street, and apt. or suite no.) | 22 Occupation, profession, or business

23 City | 24 State | 25 ZIP code | 26 Country (if not U.S.)

27 Alien identification (ID) a **Describe ID** ▶ b **Issued by** ▶ c **Number** ▶

## Part III Description of Transaction and Method of Payment

28 Date cash received M M D D Y Y Y Y | 29 Total cash received $ .00 | 30 If cash was received in more than one payment, check here . . . ▶ ☐ | 31 Total price if different from item 29 $ .00

32 Amount of cash received (in U.S. dollar equivalent) (must equal item 29) (see instructions):

a U.S. currency $ .00 (Amount in $100 bills or higher $ .00 )

b Foreign currency $ .00 (Country ▶ )

c Cashier's check(s) $ .00

d Money order(s) $ .00

e Bank draft(s) $ .00

f Traveler's check(s) $ .00

Issuer's name(s) and serial number(s) of the monetary instrument(s) ▶

33 Type of transaction

a ☐ Personal property purchased
b ☐ Real property purchased
c ☐ Personal services provided
d ☐ Business services provided
e ☐ Intangible property purchased
f ☐ Debt obligations paid
g ☐ Exchange of cash
h ☐ Escrow or trust funds
i ☐ Bail received by court clerks
j ☐ Other (specify in item 34) ▶

34 Specific description of property or service shown in 33. Give serial or registration number, address, docket number, etc. ▶

## Part IV Business That Received Cash

35 Name of business that received cash | 36 Employer identification number

37 Address (number, street, and apt. or suite no.) | Social security number

38 City | 39 State | 40 ZIP code | 41 Nature of your business

42 Under penalties of perjury, I declare that to the best of my knowledge the information I have furnished above is true, correct, and complete.

**Signature** ▶ Authorized official **Title** ▶

43 Date of signature M M D D Y Y Y Y | 44 Type or print name of contact person | 45 Contact telephone number

IRS Form **8300** (Rev. 8-2014) Cat. No. 62133S FinCEN Form **8300** (Rev. 8-2014)

# Multiple Parties

*(Complete applicable parts below if box 2 or 15 on page 1 is checked.)*

## Part I Continued—Complete if box 2 on page 1 is checked

| | | | | |
|---|---|---|---|---|
| 3 Last name | 4 First name | 5 M.I. | 6 Taxpayer identification number | |
| 7 Address (number, street, and apt. or suite no.) | | 8 Date of birth . . . ▶ (see instructions) | M M D D Y Y Y Y | |
| 9 City | 10 State | 11 ZIP code | 12 Country (if not U.S.) | 13 Occupation, profession, or business |
| 14 Identifying document (ID) | a Describe ID ▶ | c Number ▶ | b Issued by ▶ | |

| | | | | |
|---|---|---|---|---|
| 3 Last name | 4 First name | 5 M.I. | 6 Taxpayer identification number | |
| 7 Address (number, street, and apt. or suite no.) | | 8 Date of birth . . . ▶ (see instructions) | M M D D Y Y Y Y | |
| 9 City | 10 State | 11 ZIP code | 12 Country (if not U.S.) | 13 Occupation, profession, or business |
| 14 Identifying document (ID) | a Describe ID ▶ | c Number ▶ | b Issued by ▶ | |

## Part II Continued—Complete if box 15 on page 1 is checked

| | | | | |
|---|---|---|---|---|
| 16 Individual's last name or organization's name | 17 First name | 18 M.I. | 19 Taxpayer identification number | |
| 20 Doing business as (DBA) name (see instructions) | | | Employer identification number | |
| 21 Address (number, street, and apt. or suite no.) | | | 22 Occupation, profession, or business | |
| 23 City | 24 State | 25 ZIP code | 26 Country (if not U.S.) | |
| 27 Alien identification (ID) | a Describe ID ▶ | c Number ▶ | b Issued by ▶ | |

| | | | | |
|---|---|---|---|---|
| 16 Individual's last name or organization's name | 17 First name | 18 M.I. | 19 Taxpayer identification number | |
| 20 Doing business as (DBA) name (see instructions) | | | Employer identification number | |
| 21 Address (number, street, and apt. or suite no.) | | | 22 Occupation, profession, or business | |
| 23 City | 24 State | 25 ZIP code | 26 Country (if not U.S.) | |
| 27 Alien identification (ID) | a Describe ID ▶ | c Number ▶ | b Issued by ▶ | |

**Comments** – Please use the lines provided below to comment on or clarify any information you entered on any line in Parts I, II, III, and IV

# Glossary (Volume 2)

### Agency Funds
The agency funds consist of funds held by the congregation as custodian or fiscal agent for other agencies. Transactions of agency funds represent charges or credits to individual asset and liability accounts and are not revenue or expense transactions of unrestricted or restricted current funds. Agency funds may be recorded as accounts payable in the current unrestricted fund.

### Assets
The resources owned by the congregation. They may be tangible (land, buildings) or intangible (accounts receivable, investments, copyrights) in nature.

### Audit
An inspection of the accounting records and procedures of a business or other reporting entity by a trained accountant for the purpose of verifying the accuracy and completeness of the records. It may be conducted by a member of the organization (internal audit) or by an outsider (independent audit). A CPA audit determines the overall validity of financial statements. A tax (IRS) audit determines whether the appropriate tax was paid. An internal audit generally determines whether the company's procedures are followed and whether embezzlement or other illegal activity occurred. See also: Financial Review.

### Board Designated Funds
Funds that have been set aside by the board of directors or church council for a specific purpose. These internally designated funds may be redesignated at any time at the board's discretion. (See RESTRICTED FUNDS for internally designated versus externally restricted.)

### Bonding of Employees
Fidelity bonds protect the congregation up to an agreed amount against loss from employee dishonesty such as fraud, embezzlement, etc. Therefore, key personnel (those having access to cash, securities and company records) should be bonded.

### Budget
Used to monitor financial activities throughout the year. The budget can provide a benchmark or comparison point that will alert the board to the first indication that their financial goals will not be met.

### Capital Appropriations
Current funds set aside for acquisition of or additions to fixed assets and shown as a transfer to the unexpended plant fund in the financial statements.

### Capital Expenditures
Expenditures that result in the acquisition of or addition to fixed assets. The expenditures are shown as a transfer out of the unexpended plant fund and into the net invested in plant fund.

### Chart of Accounts
A numerical listing in financial statement order of all accounts to be used by the congregation. The accounts are developed to conform with the organizational structure of the congregation.

### Comparative Financial Statements
Financial statements of the current period should be presented on a comparative basis with financial statements for one or more prior reporting periods. Comparative financial statements may present only summarized, total-all-funds information (in a single column) for each of the prior periods because of space limitations or to avoid the confusion that a second set of statements might cause.

### Contingent Liability
Liability incurred by a business (church) for acts other than those of its own employees. This particular situation may arise when an independent contractor is hired. The church can be held liable for negligent acts of the contractor to the extent that its representatives give directions or exercise control over the contractor's employees.

### Depreciation
A system of accounting that aims to distribute the cost or other basis value of tangible capital assets, less salvage (if any), over the estimated useful life of the asset in a systematic and rational manner. It is a process of allocation, not valuation. The straight-line method of depreciation is the most reasonable one.

Assets that are not exhaustible, such as landmarks, monuments, cathedrals, historical treasures or structures used primarily as houses of worship need not be depreciated.

### Endowment Fund
Permanent and true endowments — funds created by third-party donors with the stipulation, as a condition of the gift, that the principal is to be maintained inviolate in perpetuity (principal is not expendable) and that only the income resulting from the investment of the fund may be expended in accordance with instructions by the donor.

Term endowments — similar to permanent or true endowments except that the terms of the gift instrument permit the principal to be expended all or in part upon the happening of a particular event or the passage of a stated period of time.

Quasi endowments — funds established by the board of directors or church council and functioning like an endowment fund. However, they are subject to change and restoration to current operating funds at the discretion of the board.

## Expenditures
Recorded when liabilities are incurred. This term designates the cost of goods delivered or services rendered, whether paid or unpaid, including expenses, capital outlays, etc.

## Expenses
Charges incurred, whether paid or unpaid, for operation, maintenance, interest and other charges that are presumed to benefit the current fiscal period.

## Financial Accounting Standards Board (FASB)
FASB sets forth accounting standards for financial reporting and audits. Compliance is not mandatory; however, the American Institute of Certified Public Accountants (AICPA) has issued guidelines, rules and regulations with which an organization must comply to receive a certified audit report with a "clean opinion." Of particular interest to congregations are: Statement of Financial Accounting Standards No. 117, Financial Statements of Not-for-Profit Organizations (FASB 117) and Statement of Financial Accounting Standards No. 116, Accounting for Contributions Received and Contributions Made (FASB 116).

## Financial Review
A verification of the financial acts of the treasurer and others with financial responsibility. The "financial review" is informal in relation to the more formal "audit" which must be performed and certified by a Certified Public Accountant.

## Fund
A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and fund balances and changes in the fund balances. Separate accounts are maintained for each fund to ensure observance of limitations and restrictions placed on the use of resources.

## Fund-Accounting System
Funds are separated into individually balanced groups according to their end use. The procedures by which resources for various purposes are classified for accounting and reporting purposes are (1) in accordance with activities or objectives as specified by donors, (2) in accordance with regulations, restrictions, or limitations imposed by sources outside the district, or (3) in accordance with directions issued by the board of directors.

*Note: Fund-accounting does not comply with Generally Accepted Accounting Practices and is not used with financial reports prepared in accordance with FASB 117.

## Fund Balance
Represents the net assets and/or the accumulated operating balance (deficit) for a period and may include funds restricted by donors, such as funds for endowment, property and equipment, and loan purposes.

## General Journal
A journal containing all entries not recorded in special journals. The general journal is flexible in that any transaction can be recorded in it. However, those transactions with a high rate of occurrence, such as cash receipts and disbursements, are more appropriately recorded in separate journals.

## General Ledger
A book, file, or other device that contains the accounts needed to reflect, in summary and in detail, the financial position and the results of financial operations.

## Internal Control
Consists of all measures used by a business for the purposes of (1) safeguarding its resources against waste, fraud and inefficiency; (2) promoting accurate and reliable financial data; (3) promoting operational efficiency; and (4) encouraging adherence to prescribed managerial policies. The primary responsibility for internal control rests with management.

## Journal Voucher
Provides for the recording of certain transactions. Usually contains an entry or entries, explanations, references to documentary evidence supporting the entry or entries and the signature of one or more properly authorized officials.

## Liabilities
Debt or other legal obligation arising out of transactions in the past that must be liquidated, renewed, or refunded at some future date.

## Petty Cash
A system for handling minor disbursements whereby a fixed amount of money, designated as petty cash, is set aside for this purpose. Disbursements are made from time to time as needed, with a receipt voucher being completed in each case. At certain intervals or when the petty cash is completely expended, the petty cash fund is replenished for the amount of disbursements. The total of petty cash on hand plus the amount of signed receipt vouchers at any one time must equal the total amount of petty cash authorized.

## Property (Plant) Funds
In this fund are the fixed assets owned by the congregation and related accounts. They include land, building improvements and equipment, the obligations relative thereto, and unexpended property funds.

## Reimbursement
Pay back for expenses incurred.

## Restricted Funds (Current)
Current restricted fund balances represent funds available

for financing operations that are restricted by donors and other external agencies to specific purposes or programs.

Board of director or church council designations do not create restricted funds, since the removal of the designation remains the discretion of the board of directors or council.

### Revenue
All income received or anticipated.

### Statement of Changes in Fund Balances
Reports the support, revenue, capital or nonexpendable additions, and functional expense categories. The purpose of a statement of changes in fund balances is to reveal the activity that affected the fund balances during a specific period of time.

### Statement of Financial Position (Balance Sheet)
Reflects the financial position of the congregation or organization at a particular point in time. Summarizes the assets, liabilities and fund balances of the congregation.

### Subsidiary Ledger
A group of subsidiary accounts; the sum of the balances is equal to the balance of the related control account in the general ledger.

# Blank Forms (Volume 2)

*These forms are provided for congregational use and may be copied.*

**Miscellaneous**

Authorization for Payment Voucher
Bank Reconciliation Form
Count Form–Weekly Offering
Expense Reimbursement Voucher
The Congregation Budget-Planning Worksheet

# AUTHORIZATION FOR PAYMENT VOUCHER

Vendor ______________________________ Date of Request ______________

Address ______________________________ Date Needed By ______________

---

Invoice No. (s) ______________ Date of invoice ______________

______________ ______________

______________ ______________

Special Instructions ______________________________

Explanation ______________________________

Amount $ __________ Account No. __________ Program __________

☐ Authorized by Church Council Date ______________

☐ Budget expenditure

Requested by ______________________________

Approved by __________ Date paid __________ Check No. __________

– – – – – – – – – – CUT HERE – – – – – – – – – –


# AUTHORIZATION FOR PAYMENT VOUCHER

Vendor ______________________________ Date of Request ______________

Address ______________________________ Date Needed By ______________

---

Invoice No. (s) ______________ Date of invoice ______________

______________ ______________

______________ ______________

Special Instructions ______________________________

Explanation ______________________________

Amount $ __________ Account No. __________ Program __________

☐ Authorized by Church Council Date ______________

☐ Budget expenditure

Requested by ______________________________

Approved by __________ Date paid __________ Check No. __________

# BANK RECONCILIATION FORM

Congregation's name ____________________

Name of bank ____________________

For the month of ____________________

Bank Account Number ____________________

General Ledger
Account Number ____________________

Outstanding Checks

| Check No. | Date | Amount | |
|---|---|---|---|
| | | $ | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| Total | | $ | |

Ending bank balance $ ____________________
(From bank statement)

Add deposits in transit:
(Not listed on bank statement)

| Date | Amount | |
|---|---|---|
| | $ | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

Total deposit(s) in transit ____________

Total ____________

Less: outstanding checks ____________

Balance per bank ____________

Balance per checkbook ____________

*(Adjusted balance per bank and balance per checkbook must agree.)*

Completed by: ____________________
Signed

____________________
Title Date

# COUNT FORM–WEEKLY OFFERING

**FIRST LUTHERAN CHURCH**
**ST. LOUIS, MISSOURI**

**Date** ____________________

| | Coins | Currency | Checks | Sub Total | Total |
|---|---|---|---|---|---|
| **GENERAL FUND** | | | | | |
| **Plate** | $ | $ | $ | $ | |
| **Envelope** | | | | | $ |
| **BUILDING FUND** | | | | | |
| **ORGAN FUND** | | | | | |
| **AGENCY FUNDS** | | | | | |
| **American Bible Society** | | | | | |
| **Lutheran Hour** | | | | | |
| **World Relief** | | | | | |
| ____________________ | | | | | |
| ____________________ | | | | | |
| ____________________ | | | | | |
| **OTHER RECEIPTS** | | | | | |
| **Sunday school:** | | | | | |
| **Plate** | | | | | |
| **Envelope** | | | | | |
| | | | | | |
| | | | | | |
| **TOTAL SOURCE/DEPOSIT** | | | | | |

Counted by: ________________________________________ Date: ____________________

Counted by: ________________________________________ Date: ____________________

# EXPENSE REIMBURSEMENT VOUCHER

Date ____________

Name ______________________________________________

Address ______________________________________________

City ______________________ State ____________ Zip ____________

Travel Expense:

Auto Expense ______________________ @ $/mile ____________

(Mileage log should be attached)

Other Expense ______________________

(Explanation & receipts attached)

Other Expense ______________________ ____________

Other Expense ______________________ ____________

Other Expense ______________________ ____________

Total Expenses ______________________ ____________

Signature ______________________________________________

Approved by ____________ Date ____________ Acct # ____________ Amt $ ____________

Approved by ____________ Date ____________ Acct # ____________ Amt $ ____________


# EXPENSE REIMBURSEMENT VOUCHER

Date ____________

Name ______________________________________________

Address ______________________________________________

City ______________________ State ____________ Zip ____________

Travel Expense:

Auto Expense ______________________ @ $/mile ____________

(Mileage log should be attached)

Other Expense ______________________

(Explanation & receipts attached)

Other Expense ______________________ ____________

Other Expense ______________________ ____________

Other Expense ______________________ ____________

Total Expenses ______________________ ____________

Signature ______________________________________________

Approved by ____________ Date ____________ Acct # ____________ Amt $ ____________

Approved by ____________ Date ____________ Acct # ____________ Amt $ ____________

# THE CONGREGATION BUDGET PLANNING WORKSHEET

| | Factor | Number of Households | Adjusted Households |
|---|---|---|---|
| A. Households | | | |
| 1. Husband and wife (two incomes) | 1.50 | | |
| 2. Husband and wife (one income) | 1.00 | | |
| 3. Singles, single parent | .50 | | |
| 4. Mixed marriage (two denominations) | .33 | | |
| 5. Restricted incomes (retired, disabled, etc.) | .25 | | |
| 6. Unemployed | .00 | | |
| 7. Inactive members | .10 | | |
| | | | |
| 8. Total households | | | |
| | | | |
| B. Annual average household income | | | |
| C. (Line A.8 x B) | | | |
| D. Total congregation giving (previous year) | | | |
| E. Percentage of income given per household (divide D by C) | | | |
| F. Giving potential: | % | Offerings would be: | Increase (decrease) |
| If membership contributed: | 3% | | |
| | 5% | | |
| | 7% | | |
| | 10% | | |
| | 12% | | |

# Resources: Introduction

A number of books, manuals and bulletins are published on topics relevant to the church and the clergy. Many of these publications address tax and legal issues as these are topics of frequent change.

Listed below and on the following pages are the organizations that publish material on the subjects addressed in this manual. The resources available range from textbooks to monthly newsletters.

As some organizations publish several booklets on specific subjects, only the larger publications are specifically noted. Most organizations will send you a list of their publications, so the address is included. Your district and the Synod office may have copies of most of the publications listed, so you may contact them for recommendations.

## List of Resources

### TOPICS

| | Tax | Acctg. | Legal | Other |
|---|---|---|---|---|
| **THE LUTHERAN CHURCH—MISSOURI SYNOD** | | | | |
| 1333 S. Kirkwood Road | | | | |
| St. Louis, MO 63122-7295 | | | | |
| Telephone: 314-996-(plus four digit extension) | | | | |
| 314-965-9000 (operator assisted) | | | | |
| 888-843-5267 (THE LCMS) | | | | |
| International Center (Synod offices): | | | | |
| Accounting Department | | | | |
| Pam Palmer (ext. 1441) | x | x | x | x |
| Email: *pam.palmer@lcms.org* | | | | |
| Ross Stroh (ext. 1309) | x | x | x | x |
| Email: *ross.stroh@lcms.org* | | | | |
| Communication Services (ext. 1202) | | | | |
| Congregation information, public relations; | | | | |
| official periodicals and publications of the Synod. | | | | |
| *The Lutheran Witness* | | | | x |
| *Reporter* | x | | x | x |
| Church Information Center (888-843-5267/THE LCMS) | | | | x |
| Resource linking service. | | | | |
| Web page: *lcms.org/cic* | | | | |
| Email: *infocenter@lcms.org* | | | | |
| Office of National Mission—Stewardship (ext. 1732) | | | | x |
| Devotions: “Simple Gifts” and other resources at | | | | x |
| *lcms.org/how-we-serve/national/stewardship-ministry* | | | | |
| Office of National Mission | | | | |
| Recognized Service Organizations (ext. 1636) | | | | |
| RSO Application | | | | x |
| Information for organizations interested in applying | | | | |
| for Recognized Service Organization (RSO) status | | | | |
| (can download at *lcms.org/rsos*) | | | | |
| School Ministry (ext. 1716) | | | | x |
| Group Purchasing Agreements (ext. 1441) | | | | x |
| *lcms.org/group-purchasing-agreement* | | | | |

## TOPICS

| Resource | Tax | Acctg. | Legal | Other |
|---|---|---|---|---|
| **District offices:**<br>(Addresses/phone numbers listed in *The Lutheran Annual* or at *lcms.org/districts*)<br><br>For links to additional church and school office administration resources, please visit the LCMS website at *lcms.org/resources/church-and-school-administration*. | | | | |
| **U.S. CITIZENSHIP AND IMMIGRATION SERVICES**<br>*uscis.gov/i-9central* or *uscis.gov/i-9-central/form-i-9-resources/handbook-for-employers-m-274*<br>*Handbook for Employers, M-274*<br>A publication to help employers understand The Homeland Security Act of 2002 and complete Form I-9, Employment Eligibility Verification | | | | X |
| **CHRISTIAN LEADERSHIP ALLIANCE**<br>101 Roper Creek Dr.<br>Greenville, SC 29615<br>949-487-0900<br>*christianleadershipalliance.org*<br>Christian Leadership Alliance (CLA) is an association that represents over 1200 different nonprofit ministries, churches, educational institutes and businesses. It is a resource for professional nonprofit leadership development. | X | X | X | X |
| **CHURCH LAW & TAX**<br>Christianity Today, publisher<br>*churchlawandtax.com* | | | | |
| *Church and Clergy Tax Guide*<br>Richard Hammar<br>Provide comprehensive help understanding U.S. tax laws as they relate to pastors and churches. | X | | | |
| *Church Finance Update*<br>Richard Hammar, senior editor<br>A monthly review of financial, accounting and tax developments affecting churches and clergy. | X | X | X | X |
| *Church Law & Tax Update*<br>A weekly newsletter with a review of legal and tax developments affecting ministers and churches. | X | | X | X |
| *Pastor, Church & Law, Fifth Edition*<br>A comprehensive study and analysis of laws and regulations that affect ministers and the church. | X | X | X | |

## TOPICS

| Resource | Tax | Acctg. | Legal | Other |
|---|---|---|---|---|
| **CONCORDIA PLAN SERVICES**<br>1333 S. Kirkwood Road<br>St. Louis, MO 63122<br>Telephone: 888-927-7526<br>*ConcordiaPlans.org* | | | | |
| Administrative Information for Treasurers and Business Managers | x | | x | x |
| CRSP Employer Administrative Guide | x | | x | x |
| Employer Guide to Personal Spending Accounts | x | | | x |
| HSA Reference Guide | x | | | x |
| HRA Resource Guide | x | | | x |
| Log into your online benefits portal at *concordiaplans.org/myaccount* to review a plethora of information. | | | | x |
| **CONCORDIA PUBLISHING HOUSE**<br>3558 S. Jefferson Ave.<br>St. Louis, MO 63118-3968<br>Telephone: 800-325-3040<br>*cph.org* | | x | | x |
| **INTERNAL REVENUE SERVICE**<br>Phone 800-829-3676 for forms and publications or *irs.gov* | x | | | |
| Publication 15, *Circular E, Employer's Tax Guide* | | | | |
| Publication 15-A, *Employer's Supplemental Tax Guide* | | | | |
| Publication 463, *Travel, Entertainment, Gift and Car Expenses* | | | | |
| Publication 505, *Tax Withholding and Estimated Tax* | | | | |
| Publication 510, *Excise Taxes* | | | | |
| Publication 517, *Social Security and other information for Members of the Clergy and Religious Workers* | | | | |
| Publication 521, *Moving Expenses* | | | | |
| Publication 525, *Taxable and Nontaxable Income* | | | | |
| Publication 526, *Charitable Contributions* | | | | |
| Publication 557, *Tax-Exempt Status for Your Organization* | | | | |
| Publication 560, *Retirement Plans for Small Businesses* | | | | |
| Publication 561, *Determining Value of Donated Property* | | | | |
| Publication 571, *Tax-Sheltered Annuity Plans (403(b) Plans)* | | | | |
| Publication 583, *Starting a Business and Keeping Records* | | | | |
| Publication 590-A, *Contributions to Individual Retirement Accounts (IRAs)* | | | | |
| Publication 590-B, *Distributions from Individual Retirement Accounts (IRAs)* | | | | |
| Publication 598, *Tax on Unrelated Business Income of Exempt Organizations* | | | | |
| Publication 915, *Social Security Benefits* | | | | |
| Publication 969, *Health Savings Accounts and other Tax-Favored Health Plans* | | | | |
| Publication 970, *Tax Benefits for Education* | | | | |
| Publication 1544, *Reporting Cash Payments of Over $10,000* | | | | |
| Publication 1771, *Charitable Contributions Substantiation and Disclosure Requirements* | | | | |

## TOPICS

| | Tax | Acctg. | Legal | Other |
|---|---|---|---|---|
| Publication 1828, *Tax Guide For Churches and Religious Organizations* | | | | |
| Publication 3079, *Gaming Publication for Tax-Exempt Organizations and Gaming* | | | | |
| Publication 4573, *Group Exemptions* | | | | |
| **LUTHERAN CHURCH EXTENSION FUND**<br>PO Box 229009, St. Louis, MO 63122-9009<br>Telephone: 800-843-5233<br>*lcef.org* | | | | x |
| Journey of Discovery, a bible study program | | | | x |
| Young Investors (Y.I.) Club, stewardship education for young people | | | | x |
| Joyful Response, a free electronic offering and tuition payment system | | | | x |
| Helping Hands in the Lending Process, a step-by-step guide for the loan process | | | | x |
| Architectural Handbook, a facility planning guide for capital projects | | | | x |
| Putting Energy into Stewardship (produced by the Environmental Protection Agency EPA) | | | | x |
| **LCMS FOUNDATION**<br>1333 South Kirkwood Rd., St. Louis, MO 63122-9008<br>Telephone: 800-325-7912 or 314-965-9000<br>*lcmsfoundation.org* | | | | |
| Wills, trusts, gift-planning services. | x | | x | x |
| Investment and endowment management for today, tomorrow and forever. | | x | x | x |
| **THRIVENT FINANCIAL FOR LUTHERANS FOUNDATION**<br>4321 N. Ballard Road<br>Appleton, WI 54919-0001<br>Telephone: 800-847-4836<br>*thrivent.com* | | | | x |
| Provides opportunities to be wise with money and live generously through helping build solid financial futures and strengthen their communities today. | | | | |

# Index
# (Volumes 1 and 2)

The digit(s) to the left of the decimal indicate the chapter; those to the right indicate the paragraph within that chapter.



 