

Frequently Asked Questions re:
Basic Tax, Payroll and Insurance for First Year Rostered Workers

1. What are “**Self Employment Taxes**” and how do I pay them? Called workers must pay self employment tax (15.3%) on both salary *and* housing allowance to the IRS. The church does NOT pay half of FICA on *self-employed* workers like most jobs.
 - a. Does the Calling body provide an option for “Voluntary Withholding for Ministers?” (Form W-4) (If so, the church withholds what you tell them and then sends it right to the IRS without you “touching it.”)
 - b. If “yes,” the worker decides if you *want* money withheld from your paycheck each pay period **or** if you want to put money aside from each paycheck into your own savings account until the quarterly payments are due to the IRS. Then **you** send those quarterly payments into the IRS.
 - c. If “no” you have no choice but to send it to the IRS quarterly.
 - d. Download “Taxes and Ministers from Synod’s website and share with your tax preparer and your church Treasurer.

2. Does the Calling body pay “**offset**” as required by Concordia Plans in addition to your salary? Also known as: “Special equalization payment?”
 - a. If so, what % of the salary?
 - b. How often is it distributed? (Do they put this in to your check each pay period? **OR** do they give you a separate check Quarterly?)

3. How do I designate my “**Housing allowance**?” You need to itemize a list of housing expenses and get the Church Council of the church to approve that amount in advance of the expenses. This has to be done prior to each calendar year. Your pay check should reflect “salary” and another itemization called “Housing.” You have to pay Self Employment Federal and State tax on both, but you do NOT have to pay income tax on your “housing.”
 - a. Which decision making group within the Calling body approves your designation for “Housing Deduction” so that it does not all show as “Salary?”
 - b. Is there a form to fill out? If not, use the one from the “Congregational Treasurers Manual” that each church treasurer should have. If they don’t have one; you may obtain one from the NID or lcms website.
 - c. Who gets the form and by what date is it needed?

4. Does the church participate in a “**Cafeteria, Flex Spending Account, or Health Savings Account**?” This means you can have certain types of expenses deducted from your pay (pre-tax) so these become clearly “un-taxable.” Usually health care that is the workers portion or child care expenses. Your Calling body withholds an amount you tell them for each pay period. When you incur those “certain” expenses you can request reimbursement from the money that was withheld. Churches are not required to offer this benefit.
 - a. Does our church offer this benefit?
 - b. Who in the church manages this program?
 - c. What forms need to be completed? Who gets them? By when?

5. When is your **first day of service** and when is your **first paycheck**?

6. If you are a “10 month worker” **can your pay be distributed** over 12 months or will you be without a check for two months in the summer?

7. What about signing up for **benefits**? The Concordia Plan Services has three “packaged” parts (and one optional part) to it...Retirement, Health and Disability/Survivor Plan. There is one Concordia Plan Services Enrollment Form that enrolls the worker in all three parts of the package AND the optional part: the Accident Insurance Plan.

- ✓ Who in the Calling body provides the Enrollment Form? (Ask them for it or obtain your own copy at the Concordia Plans website). That address is: <http://www.concordiaplans.org/>
- ✓ Fill out *your* part. Then get it to the Treasurer who completes the rest and sends it to Concordia.
- ✓ The enrollment form must be received by Concordia Plans in St. Louis **a month before coverage is to begin**. i.e. If you start August 1 the Enrollment Forms need to be sent to Concordia Plans by July 1.
- ✓ Do not assume this form has been sent. Double check with the church treasurer at least three weeks before the start of your service.

a. Part One- Concordia Retirement Plans- The retirement plan (also called a “defined benefit plan” is managed by Concordia Retirement Plans. This is *in addition* to any kind of worker savings/employer matching 403(b) tax deferred savings plan. There is NO cost to you for the defined benefit plan but the 403 is usually worker funded.

b. Part Two- Concordia Health Plans

- i. Does the congregation participate? If not, what plan DO they participate in?
- ii. Which Plan level does the congregation provide? There are two different plans and multiple options under each plan. Each has its own “deductible” and “co-pays.”
- iii. In addition to copays and deductibles, does the Employee pay any portion of “self,” “spouse,” or “family” for Health Plan premium?

c. Part Three- The **Concordia Disability and Survivor Plan** (CDSP) is a death benefit for you, your spouse and dependents. In addition, this provides disability benefits if you are unable to work. There is no cost to you.

d. Part Four- The “**Accident Insurance Plan**” Concordia Plans offers an accident insurance policy that is an **optional plan**. *If the worker chooses to purchase this option*, they may have it deducted from their paycheck. Churches do NOT pay this for the worker but it IS a choice you may purchase. If you choose this option you sign up for it on the same “Concordia Plan Services Enrollment Form.”

8. **Concordia Retirement Savings Plan** (CRSP) This is an *additional* plan to the Concordia Retirement Plan listed in the “package” of benefits above. It is an Incentive/Matching program through an insurance carrier designated by Synod. This is a 403 (b) program only through Synod’s designated retirement savings insurance company:

- a. Does the Calling body participate?
- b. What % does the Calling body match for CRSP?
- c. What forms/procedures are needed within the Calling body to initiate payroll deductions?
- d. Who is the agent that **you** need to contact to open a retirement account?