



Real Planning. Real Solutions. That's Our Calling.

2016 Guide to Benefits Administration

Are you new to Benefits Administration?

If you are just taking over benefits administration for your church or ministry, please call MMBB at **800.986.6222** or email **service@mmbb.org** so we can contact you should the need arise. Include your ministries name and your MMBB employer number.

While this publication discusses various types of benefits and their tax implications, it is not intended as a substitute for legal, accounting or other professional advice. If legal, tax or other expert assistance is required, we recommend that you seek the services of a competent professional.



Dear Employer,

MMBB Financial Services appreciates the opportunity to partner with you to provide retirement and financial planning benefits to your employees. This guide will assist you and your staff to take full advantage of all that MMBB has to offer.

This guide explains how to:

- Verify that staff are eligible for benefits
- Enroll new staff for MMBB benefits
- Report compensation and other changes to MMBB
- Pay your monthly premium
- Provide tax information to the IRS

As you review this booklet, you will notice MMBB has adopted new names for our plans. The names more clearly communicate what each offers.

Here are our plans available through an eligible employer.

- The **Comprehensive Plan**, formerly *Benefits for Life (BFL)*, is an employer-paid account that also includes disability insurance and a death benefit.
- The **Retirement Only Plan**, formerly the *Tax-Deferred Annuity (TDA)*, is an employer-paid account where all contributions go into a member's retirement account.
- The **Member Contribution Plan**, formerly *The Annuity Supplement (TAS)*, is an employee-funded retirement savings account that is available through an eligible employer.

MMBB is pleased to announce our upcoming online Employer payment portal launching in 2016. This web payment system will allow Employers to conveniently pay their premium invoices online.

Also, let your staff know about our **financial planning services**. Encourage them to contact one of our CERTIFIED FINANCIAL PLANNER® professionals for a consultation. This service is available to them as a benefit of membership—regardless of the size of their portfolio.

If you have questions about your relationship with MMBB, please contact a Senior Benefits Specialist at **800.986.6222** or **service@mmbb.org**.

To download additional copies of this guide—and other helpful materials for church administrators—visit **mmbb.org/benefitsadministration**.

We look forward to building a long lasting partnership throughout your journey with MMBB Financial Services.

A handwritten signature in black ink that reads "Louis P. Barbarin". The signature is written in a cursive style.

Louis P. Barbarin, CPA
Executive Director
2015

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1 Eligibility

The Internal Revenue Service (IRS) limits enrollment in denominational benefit plans to people who are considered employees for federal income tax purposes.

This includes:

- Clergy and lay persons employed by an eligible church or ministry (your organization may set its own requirements regarding full- or part-time employment)
- Ministers or chaplains employed elsewhere, such as in a hospital, nursing home or school

Generally, *self-employed* individuals who provide services to your church or ministry are not eligible for enrollment. There are certain exceptions which include consulting clergy and wandering ministers who your organization may treat as self-employed for federal reporting.

Do You Have an Adoption Agreement on File With MMBB?

If you are a new employer with MMBB Financial Services, you must have an Adoption Agreement on file for each retirement plan that you offer before you can start enrolling employees in the plan(s). If you are currently offering retirement benefits through MMBB, please check to see if you have an Adoption Agreement on file.

If you are not sure, please contact us at **800.986.6222** or email service@mmbb.org.

2 Enrollment

Plan Options

As both a ministry and a financial organization, MMBB Financial Services understands the importance for a faith-based organization to recruit and retain top staff. We understand how important it is for the staff of faith-based organizations to feel financially secure so they can put their full effort into the ministry.

That’s why our plans have been tailored to be affordable and flexible. No matter the size of your budget, MMBB Financial Services offers plans that meet your needs.

MMBB offers three retirement plan options.

MMBB Plan Comparison			
	Comprehensive Plan	Retirement Only Plan	Member Contribution Plan
Retirement Savings	●	●	●
Life Insurance Benefits	●	●	●
Disability Coverage	●	●	●
Funding	Monthly employer premium payments	Employer contributions	Employee contributions



The **Comprehensive Plan** is an *employer-funded*, tax-deferred 403(b) retirement plan that includes a retirement savings plan, disability coverage and a death benefit. Your church or ministry pays a monthly premium based on a percentage of the employee's total reported compensation. And, your employees can make additional salary deferral contributions to the retirement plan.

This Plan includes:

- **Retirement benefits**—The Comprehensive Plan provides income that lasts as long as you live. Lifetime income is provided through a variable annuity. The MMBB Financial Services variable annuity is designed to help your income keep pace with inflation.
- **Disability income**—As soon as you become aware that your employee is disabled, please contact MMBB.

Disability coverage is available to those participating in the Comprehensive Plan. The disability benefit MMBB offers protects the member as well as the employer.

If your employee is eligible for governmental benefits, the benefit equals 2/3 of the pre-disability compensation (including governmental benefits such as Workers' compensation and Social Security).

If your employee is not eligible for governmental benefits, the benefit equals 2/3 of pre-disability compensation for the first 21 months of disability payments. After 21 months of disability benefits, members will receive 1/3 of pre-disability compensation.

MMBB's disability coverage offers a combination of benefits you are unlikely to find elsewhere:

- Monthly allowances for dependent children under 21
- Continued death benefit coverage
- Continued contributions to employees MMBB retirement account
- Annual cost of living adjustment
- Continuation of employer-paid health insurance

- **Death benefit**—The Comprehensive Plan includes a death benefit. Upon notification of death, the benefit paid depends upon age at death and the MMBB reported compensation.

Life Insurance Coverage with Two or More Years of Membership (AS A MULTIPLE OF YOUR ANNUAL COMPENSATION)	
Age at death	Coverage
Younger than 41	5X
41 but not yet 51	4X
51 but not yet 61	3X
61 but not yet 66	2X
66 to retirement	1.5X

¹ Maximum annual compensation allowable for benefit purposes in \$250,000.

² Death benefit before completing one year of membership is 1/3 of amount shown above. For death with one year but less than two years of membership coverage in 2/3 of amount shown above.

Additional features of the death benefit includes:

- In the case of an accidental death, the beneficiary is entitled to an additional benefit equal to 100% of the member’s compensation.
- Living benefits for the terminally ill—If a member is terminally ill and expected to die within two years, they may apply to receive an early payment of up to half the value of the group term death benefit. The balance is payable upon death.
- Child allowances—If a member dies while they are an active participant in the Comprehensive Plan, they will receive an additional monthly cash benefit for each child dependent upon them for support. The benefit continues until the child turns 21.
- Medical insurance—The members’ spouse and children may be eligible to have two years’ worth of premiums paid if they were already covered by the members’ employer paid medical plan.



The Retirement Only Plan is a stand-alone *employer-funded* tax-deferred 403(b) retirement savings plan. It can be customized with flexible vesting and matching options.

The Member Contribution Plan is an *employee-funded*, 403(b) retirement savings plan. The employee makes pre-tax contributions via a Salary Reduction Agreement (see page 13 for additional requirements). After-tax contributions are also accepted.

Your monthly invoice lists the plans in which you are currently participating. See the sample invoice on page 15.

Employer Provided Health Insurance

MMBB Financial Services recommends that you provide health insurance coverage to your employees.

Healthy workers are more productive workers. Offering health insurance helps you retain talented employees and frees them from shopping for coverage on the open market. For more information on your options, visit www.healthcare.gov or contact a private insurer.

Membership Application

To enroll an employee, have them complete a **Membership Application (Form A-1)**. You may obtain this form by calling MMBB at **800.986.6222** or emailing **service@mmbb.org**. Mail completed forms to:

MMBB Financial Services
475 Riverside Drive, Suite 1700
New York, NY 10115-0049

Sample enrollment form, page 1

**MMBB RETIREMENT PLANS
MEMBERSHIP APPLICATION**

A-1

PLEASE PRINT OR TYPE

Personal Information

Title	First Name	MI.	Last Name
Gender <input type="radio"/> M <input type="radio"/> F	Date of Birth		Social Security Number
Home Address		City	State Zip Code
Home Phone	Cell Phone	Email Address	

For Clergy: Please indicate ministerial status:
 Ordained Commissioned Licensed

For Clergy: Is your employer eligible to designate a portion of your compensation as housing allowance or rental value of parsonage, plus utilities, which would not be reported as taxable income? Yes No

Ordination Status Granted By _____ Years employed in church or church related ministry: _____ (years) _____ (months)

Dependent Information (if applicable)

Spouse's Full Legal Name First/Middle/Last	Social Security No.	Date of Birth
Name of Child Under 18	Gender <input type="radio"/> M <input type="radio"/> F	Date of Birth
Name of Child Under 18	Gender <input type="radio"/> M <input type="radio"/> F	Date of Birth
Name of Child Under 18	Gender <input type="radio"/> M <input type="radio"/> F	Date of Birth
Name of Child Under 18	Gender <input type="radio"/> M <input type="radio"/> F	Date of Birth

Plan Enrollment
Please indicate below which Plan(s) this Application applies to. The Employer will need to confirm eligibility for the Plan(s) listed and complete the relevant contribution information for the Employer Plan(s), as applicable. In order for an employee to be eligible for any of the Plans listed below, the Employer must have agreed, in accordance with MMBB's rules and procedures, to be a Participating Employer of such Plan.

<p>EMPLOYER PLANS</p> <p>A. <input type="radio"/> Comprehensive Plan (also known as the Retirement Plan) Unless otherwise changed in writing, the employer, in accordance with MMBB's policies and procedures and subject to the terms of the Retirement Plan: will contribute _____% of the employee's applicable annual compensation (as defined under the Retirement Plan)</p> <p>B. <input type="radio"/> Retirement Only (also known as the Tax Deferred Annuity Plan (TDA)) Unless otherwise changed in writing, the employer, in accordance with MMBB's policies and procedures and subject to the terms of the Tax Deferred Annuity Plan: <input type="radio"/> will contribute \$ _____ per month OR <input type="radio"/> will contribute _____% of the employee's applicable annual compensation (as defined under the Tax Deferred Annuity Plan) OR <input type="radio"/> will make periodic contributions</p>	<p>EMPLOYEE PLAN</p> <p>C. <input type="radio"/> Member Contribution (also known as The Annuity Supplement (TAS)) Unless otherwise changed in writing, the member, in accordance with MMBB's policies and procedures and subject to the terms of the Annuity Supplement including the completion of a Salary Reduction Agreement, makes the following election. Form A-13a must be completed prior to the election being valid. <input type="radio"/> will contribute a specific dollar amount per pay period OR <input type="radio"/> will contribute a specified percentage of total annual compensation per pay period</p> <p style="text-align: right;">OVER</p>
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When enrolling in the **Comprehensive Plan**, your church or ministries monthly premium will be based on this figure.

When enrolling in the **Retirement Only Plan**, this amount will appear on your monthly invoice.

Employees can enroll in the **Member Contribution Plan** and make pre-tax salary reduction contributions to their retirement plan.

Your employees specify the amount in the Salary Reduction Agreement (Form A-13a) they enter into with their employer. See page 13 for further requirements.

Sample enrollment form, page 2

Employment Information			
Church or Organization		Billing Contact Name	
Billing Contact Phone		Billing Contact Email Address	
Address	City	State	Zip Code
Employment Start Date	Position	Denomination/Affiliation	

Compensation Information (To be completed by the employer. Please round to the nearest dollar.)

A. Annual cash salary (Include certain amounts withheld on a pre-tax basis as provided in the plan(s), such as amounts withheld for TAS and Flexible Spending Accounts) \$ _____ per year

B. Housing (either 1 or 2)

1. Parsonage (include parsonage rental value and any Allowance) \$ _____ per year

OR

2. Housing allowance \$ _____ per year

Total Housing (either 1 or 2) \$ _____ per year

C. Social Security/Medicare tax offset \$ _____ per year

Yes, it should be included in the premium calculation

No, it should not be included in the premium calculation

D. Total annual compensation* \$ _____ TOTAL

* Does not include Comprehensive Plan premiums or Retirement Only contribution, medical premiums, or ministry-related expenses such as car expenses, continuing education, convention expenses, books, periodicals, etc.

Agreement

I understand that payment of an initial premium with respect to each applicable MMBB retirement plan is required before I can become a member of that particular plan (unless otherwise required by law) and that my application for participating in any MMBB plan is subject to the approval of MMBB. I understand that my eligibility for membership in an MMBB retirement plan is governed by and subject to the terms of said plan(s) for which I apply and MMBB's rules and procedures and/or policies with respect thereto. I agree to adhere to the provisions and any amendments of said plans for which I apply and any rules, procedures and/or policies with respect thereto.

I understand an indication of eligibility for enrollment in a particular plan or plans is not a promise of continued participation, as participation always is subject to MMBB's rules, policies and procedures and applicable law, as well as the Employer's status as a Participating Employer. Furthermore, the indicated contribution for an Employer Plan is not a promise that the level of contribution indicated will continue, as it also remains subject to MMBB's rules, policies and procedures and applicable law and the Employer's determination.

I understand that my ability to take distributions from any MMBB retirement plan may be limited by plan provisions, MMBB rules, policies and/or procedures and applicable law.

I agree to update any personal information, dependent information and employment information as applicable with MMBB as soon as possible after a change occurs.

Signature of applicant	Date
Signature of employer	Date

The Retirement Plan, Tax Deferred Annuity Plan and The Annuity Supplement (the Plans) are retirement programs maintained by The Ministers and Missionaries Benefit Board (MMBB). The Plan and/or any account maintained by MMBB to manage or hold assets of the Plan, and any interest in such Plan or accounts (including any funds maintained by MMBB) are not subject to registration, regulation, or reporting provisions of the Investment Company Act of 1940, the Securities Act of 1933, the Securities Act of 1934, Title 15 of the United States Code, or state securities laws. Therefore, participants and beneficiaries under the Plan will not be afforded the protections of those provisions. MMBB reserves the right to amend, modify or terminate the Plans at any time.

Please return this completed form to:

MMBB Financial Services
 475 Riverside Drive, Suite 1700 New York, NY 10115-0049
 Phone: 800.986.6222 Fax: 800.986.6782 Web: www.mmbb.org
 A01M0215

See the instructions below on how to calculate compensation.

To learn more about how to calculate the value of the housing allowance, visit www.mmbb.org > Our Services and Plans > Housing Allowance Advantage.

Calculating Compensation

A member's reported compensation is used to determine monthly premiums and annual retirement plan contribution limits.

Compensation includes:

- Cash salary, including amounts you withhold for employee contributions to the Member Contribution Plan and Flexible Spending Accounts (FSAs)
- The fair rental value of a parsonage, plus utilities and a parsonage allowance, or any cash housing allowance
- If your church pays its minister a Social Security/Medicare tax offset, you may include this amount when reporting compensation for plan purposes. Your monthly premium will increase modestly as a result—but so will the minister's death benefit and disability coverage.

Consequences of Underreporting Income

Retirement savings contributions are based on reported compensation, as are death and disability benefits. Underreporting income, or failing to report increases in compensation, will result in lower benefits to the member and his or her family.

Here is an example for Rev. Jones's, for whom the monthly Comprehensive Plan premium is 16% of reported compensation:

Reported Compensation			
Component	Full Amount: \$40,000	Reported Amount: \$35,000	Impact
Premium	\$6,400/yr.	\$5,600	Church pays \$800/yr. less
Contribution to Retirement Plan	\$5,200/yr.	\$4,550/yr.	Rev. Jones receives \$650/yr. less for retirement
Disability Income	\$26,668/yr.	\$23,334/yr.	Rev. Jones' benefit reduced by \$3,334/yr.
Death Benefit*	\$200,000	\$175,000	\$25,000 less for Rev. Jones' family

*Members qualify for one-third of the death benefit the first year and two-thirds in the second. This example assumes that the member has been enrolled for at least two full years.

In the above example, under-reporting Rev. Jones's annual income by \$5,000 reduces his organization's premium payments by \$800 a year. But the impact on Rev. Jones is potentially much greater than that—\$650 less contributed to Rev. Jones' retirement account and thousands of dollars less should Rev. Jones be disabled or die.

Your pastoral leaders deserve the full benefits for which they are eligible, so provide a full and accurate report of their compensation.

See page 19 for instructions on how to report compensation changes.



When Comprehensive Plan Coverage Begins

An employer can consider offering coverage after they submit the proper paperwork and it is received by MMBB.

Membership in the Comprehensive Plan (including disability and death benefit coverage) begins on the day MMBB receives the initial premium payment. Invoices are mailed on the first business day of the month after receipt of a completed application.

If you want coverage to take effect sooner, include your first premium payment with the membership application. Call MMBB at **800.986.6222** or email **billing@mmbb.org** to determine the amount due.

Contribution Options for the Retirement Only Plan

A variety of design options are available for the Retirement Only Plan:

- Membership Application (Form A-1) allows your church or ministry to contribute a fixed dollar amount each month—or a fixed percentage of the employee's compensation.
- Alternatively, you can make periodic (e.g., quarterly, annual) contributions. These *will* not appear on your monthly invoice. See the steps for making periodic contributions on page 17.
- Vesting and matching options are also available. You specify these when you sign an adoption agreement for the Retirement Only Plan. Contact MMBB if you need more information or wish to add or revise these options.

When designating a housing allowance amount for the upcoming year, ordained clergy need to keep in mind that a large housing allowance limits the amount they can save for retirement. If one's income is substantially reduced due to housing allowance, it decreases the available amount of cash that can be contributed on an employee's behalf.

If you would like to learn more, please contact us at **800.986.6222** or email **service@mmbb.org**.

Enrollment in the Member Contribution Plan

Step 1 – Board of Trustees Adopts a Resolution

Before an employee completes a Membership Application for the Member Contribution Plan, your board of trustees must adopt a resolution authorizing you to modify employee salaries for the purpose of pre-tax retirement contributions. See below for suggested wording. Approval of the resolution must be reflected in the board's minutes.

Resolution Authorizing Salary Modification

WHEREAS, Section 403(b) of the Internal Revenue Code permits _____(employer) to purchase annuity retirement benefits for its employees on a tax-deferred basis, and the employer wishes to cooperate with and assist its employees in obtaining such benefits; now, therefore, be it RESOLVED, that upon receipt of written request from employees, the officers of _____ (employer) be, and they hereby are, authorized to make such modifications in the terms of compensation of such employees and to take such further action as in their judgment shall be appropriate and desirable in order to enable such employees to receive annuity retirement benefits and obtain the benefits of Section 403(b) of the Internal Revenue Code.

Signature _____ Date _____
(Church Officer)



Step 2 – Employee signs a Salary Reduction Agreement (Form A-13a)

The Member Application for the Member Contribution Plan must be accompanied by a signed Salary Reduction Agreement (Form A-13a). *Any amounts withheld before this agreement is signed will be treated as after-tax contributions and must also be reported as taxable income on the employee's IRS Form 1040.*

To download a Salary Reduction Agreement, go to www.mmbb.org and search "A-13a" or request it when you contact MMBB to obtain a Member Application form.

Submit this form during the month before the pay period in which the employee would like to have the money withheld. Example: Your payroll period is every two weeks and the member wants member contributions to start during the February 5-19 pay period. In order for the withholding to be treated as a pre-tax member contribution, MMBB must receive a properly filled out and signed Salary Reduction Agreement by the end of January.

Sample Salary Reduction Agreement (Form A13a)

Employee Information		Check one: <input type="checkbox"/> Initial Agreement <input type="checkbox"/> Change to Prior Agreement	
Last Name	First Name	M.I.	
Social Security No.	Name of Employer		

Salary Reduction Agreement

The employee authorizes the employer to make salary reduction contributions on the employee's behalf to The Annuity Supplement (TAS). All such salary reduction contributions shall be forwarded by the employer to The Ministers and Missionaries Benefit Board (MMBB). For purposes of making such contributions, the employee agrees that his/her compensation will be reduced as indicated below.

Contribution

1. Deduct From Paycheck* (Select one)
 \$ _____ per month
 or
 _____ % of total annual compensation

2. Salary Reductions start with the payroll period beginning**
 _____ / _____ / _____

* Subject to certain legal limits described below and in TAS.
 ** In no event shall this agreement apply to amounts earned prior to the effective date of this agreement.

Terms and Conditions

This agreement is legally binding on the undersigned employee and employer, and is irrevocable with respect to compensation earned by such employee while this agreement is in effect. This agreement shall continue until it is terminated or amended or the employee no longer receives eligible compensation from the employer or is no longer eligible to make contributions to TAS. This agreement may be amended, with regard to compensation not yet earned, by the execution of a Salary Reduction Agreement by the employer and the employee no less than 14 days before the start of a payroll period. This agreement supersedes all prior Salary Reduction Agreements and contributions pursuant to this agreement shall immediately cease upon the employee's termination of employment with the employer. If the employee is re-hired, a new Salary Reduction Agreement will be necessary. This agreement may be terminated at any time by the employer for compensation not yet earned, upon written notice delivered by the employer to the employee. A termination request is permanent and remains in effect until a new Salary Reduction Agreement is submitted.

The employee and employer understand that the contributions originate and the tax deferral applies to amounts derived through a reduction of the employee's salary, and the employer forwarding such contributions to MMBB. *In no event shall these contributions exceed the limits provided by Section 402(g) and/or 415 of the Internal Revenue Code or other applicable limits, which limits are also set forth in the Plan.* The employee agrees to promptly notify the employer in the event that these limits are affected by any other tax-qualified retirement plan(s) maintained outside of this employer (for example, another Section 403(b) plan, a Section 401(k) plan or a pension plan, as applicable) or if he/she has knowledge that they reached any of the foregoing limits. The employer and MMBB reserve the right to automatically reduce the amount of the employee's contribution if it is determined that these contributions will exceed any applicable legal or plan limits.

This agreement is not a contract of employment between the employee and the employer, and does not restrict the right of the employer to discharge the employee or the right of the employee to terminate his/her own employment.

Signature of employee	Date
Signature of employer representative	Date

Please return this completed form to:

The Ministers and Missionaries Benefit Board
 475 Riverside Drive, Suite 1700 New York, NY 10115-0049
 Phone: 800.986-6222 Fax: 800.986-6782 Web: www.mmbb.org

A13A1213 Top Cov - MMBB Middle Cov - EMPLOYER Bottom Cov - MEMBER

Whenever an employee wishes to change their member contribution amount, they must submit a new Salary Reduction Agreement.

Specify the dollar amount or salary percentage of the monthly contribution, as well as the effective date for salary reductions.

Both the employee and employer must sign and date the form.

Mail the application form to:
 MMBB Financial Services
 475 Riverside Drive, Suite 1700
 New York, NY 10115-0049

The form is in triplicate. Separate the copies and mail the top copy to MMBB. Keep one copy on file and give a copy to the employee. If you download the form, you will need to make three copies.

Determine the Allowable Contribution to the Member Contribution Plan

The IRS sets the annual limit on how much an employee can contribute to their account on both a pre-tax and after-tax basis. Before submitting a Salary Reduction Agreement, have your employee call MMBB at **800.986.6222** and request a calculation of the maximum allowable employee and employer contribution. The employee should have the following information:

- Cash salary, including any amounts currently withheld for the Member Contribution Plan or for Flexibility Spending Accounts (FSA).
- The fair rental value of a parsonage, plus utilities and a parsonage allowance, or any cash housing allowance.
- Amount of Social Security/Medicare tax offset. This is particularly important if the pastor's housing allowance represents a sizable portion of their compensation. *The value of the housing allowance is excluded from compensation when calculating the maximum allowable contribution. This has the effect of reducing the amount a minister can contribute to their retirement savings.*



Member Contribution Plan Salary Reduction Agreements remain in effect until:

- MMBB is notified of the member's desire to terminate the agreement (employers cannot terminate these agreements without the member's written consent).
- Termination of employment.
- There is a new Salary Reduction Agreement.
- The total amount of member contributions exceeds the IRS limit (MMBB will resume billing for the Member Contribution Plan at the start of the following year, based on the most recent Salary Reduction Agreement on file.)
- A hardship distribution is made from the Member Contribution Plan (MMBB will resume billing after the six-month suspension period required by the IRS).

The Member Contribution Plan for Self-Employed Clergy

A clergy person who is treated as self-employed for federal income tax purposes can still contribute to the Member Contribution Plan. They must have an Adoption Agreement on file with MMBB formally adopting the plan before they begin making contributions. The clergy person should sign a Membership Application (Form A-1) as both the "employee" and "employer."

For these contributions to be tax deductible, the self-employed clergy person must make them directly to MMBB (i.e., not via a Salary Reduction Agreement). If MMBB bills you, the employer, for these contributions, they must be treated as taxable income.

3 Premium Payment

MMBB mails all invoices on the first business day of each month. Your invoice lists the premium for each employee and each plan in which the employee participates.

Please review your invoice carefully (see sample below). If you have any questions about your invoice, contact MMBB at **800.986.6222** or email **service@mmbb.org**. Be sure to include your employer account number from the invoice.

Sample MMBB Premium Invoice

MMBB Premium Invoice Page: of

Name: Account Number: Period Covered: Invoice Number:

Member Name	Compensation	Member Contribution Plan	Retirement Only Plan	Comprehensive Plan	Total
	Previous Balance	Payment Received	Other Credits/Debits	Current Premium	Amount Due

TEAR HERE MMBB - 475 RIVERSIDE DRIVE, SUITE 1700, NEW YORK, NY 10115-0049 • 800.986.6222 TEAR HERE

Payment Coupon

For address change, billing changes and compensation changes, write to MMBB at the address below or call.

MMBB Financial Services
475 Riverside Drive, Suite 1700
New York, NY 10115-0049

Tel: 800.986.6222
Fax: 800.986.6782
Email: billing@mmbb.org

Due Date: Amount Due:

Three Ways to Pay Your Invoice:

- To pay online, go to www.mmbb.org/payments
- To pay by phone, call 800.986.6222
- To pay by mail, return this portion of the invoice with your payment to the address below.
 - Make check payable to "MMBB"
 - Put your account number on the check
 - Do not include any correspondence

Payments received after the end of the month will be posted on your next invoice.

MMBB Financial Services
PO BOX 121142, DEPT. 1142
DALLAS, TX 75312-1142

Account Number

Include this in all communications with MMBB.

Member Contribution Plan

Employee contributions made via salary reduction.

Retirement Only Plan

Employer contributions.

Comprehensive Plan

Employer-Paid premiums for retirement, death and disability benefits.

Plan Participation

A dollar amount in one of these columns indicates that the member participates in this plan.

Compensation

As reported by you. MMBB can hide this number upon request.

Payment Coupon

Make sure this shows through the window of the return payment envelope. Use this address for premium payments only, not forms or correspondence.

Pay online

To pay your invoice online, please go to **www.mmbb.org** and click the log in button.

Pay by phone

To pay your invoice by phone, please call **800.986.6222** and have your five digit account number available.

If you are withholding money from your employee's paycheck for their own retirement savings on a tax-deferred basis, you must have a properly executed Salary Reduction Agreement on file with MMBB.



When and where to mail payments

When paying the monthly MMBB invoice:

- Include your employer account number on the check.
- Use the provided envelope to mail your check, together with the payment coupon, to the address on your invoice:

MMBB Financial Services
P.O. Box 121142, Dept. 1142
Dallas, TX 75312-1142

Only *premium payments* should be mailed to this address. Do not include correspondence or application forms.

Remit your premium payments and retirement plan contributions as soon as possible. This helps ensure proper administration of your plan.

To comply with IRS requirements, MMBB must receive your payment *no later than the 15th day of the month following the month covered by the invoice*. For example, if MMBB mails your invoice on February 1 for the month of February, you must mail the requested payment no later than the 15th day of the following month, March 15.

Paying the invoice by phone

To pay by phone, call **800.986.6222** and have your five digit account number available.

Paying the invoice online

To pay online, visit mmbb.org and click the log in button. Have your five digit account number available.

Periodic Contributions to the Retirement Only Plan

Your organization can make periodic, non-scheduled contributions to the Retirement Only Plan:

- Review the scheduled contributions for all retirement plans in which the employee participates. Make sure this one-time contribution will not take the employee over the allowable annual limit. If you are in doubt, contact MMBB at **800.986.6222** and request a calculation of the maximum allowable employee and employer contribution.
- Make your check payable to MMBB. Include your organization's employer number in the memo line.
- Include a letter to MMBB explaining the nature of the contribution and the plan member for whom it is designated.
- Mail your check and letter to:

MMBB Financial Services
475 Riverside Drive, Suite 1700
New York, NY 10115-00490

Late Payments

Comprehensive Plan

If MMBB does not receive your Comprehensive Plan premium payment by the end of the third month following the month for which the premium was due, we terminate the member's coverage for death and disability benefits. For example, if the premium payment for January is not paid by the end of March, we terminate the member's coverage on April 1 and inactivate his or her membership. An inactive member has neither death benefits nor disability coverage.

Reinstating Comprehensive Plan Coverage

An inactive member who wishes to restore coverage and have premiums paid again must be reinstated. To **reinstate** that member, simply notify MMBB. If the inactivation has been longer than six months, the member must re-enroll.

Reinstatement restarts the phase-in period for the death benefit. The member qualifies for just one-third of the death benefit the first year and two-thirds in the second, a significant decrease.

Reinstatement can be avoided by **reactivating** the member's coverage and making all delinquent payments within six months of the inactivation date. MMBB will reverse the inactivation, provided that the total amount due from the time of inactivation through the current month's premium is paid. Death and disability coverage will resume at previous levels.

Retirement Only Plan

MMBB will notify you and the member in writing when payments are late. After three months of nonpayment, the member's account will be inactivated.

The Member Contribution Plan

403(b) regulations require that funds withheld from an employee's pay must be deposited to the member's account in a timely manner. MMBB defines this as no later than the 15th day of the month subsequent to the month covered by the invoice. For example if the contribution is for January, we must receive it by February 15th. Employers who do not send employee contributions to MMBB in a timely manner are failing to fulfill their fiduciary responsibility. Continued late payments constitute noncompliance with these regulations and could result in fines and penalties.

4 Report Changes to MMBB

As administrator of the MMBB benefits program, you are responsible for reporting changes to compensation, Member Contribution Plan changes and employment status changes.

Compensation Changes

Report any compensation changes to MMBB as soon as they are approved. They affect the member's death and disability benefits, as well as retirement plan contribution premiums and limits. (To fully appreciate the impact of under-reporting, see the example on page 9.) Submit a **Compensation Change Request (Form A-18)** whenever any of the following changes occur:

- Cash salary, including amounts you withhold for the Member Contribution Plan and for Flexible Spending Accounts (FSAs)
- The fair rental value of a parsonage, plus utilities and a parsonage allowance
- Housing allowance
- Social Security/Medicare tax offset

To download the compensation change request form, visit www.mmbb.org and search "A-18." Please read the form carefully before submitting it. Incomplete forms delay the processing of your request.

Email the completed form to billing@mmbb.org, or mail it to:

MMBB Financial Services
475 Riverside Drive, Suite 1700
New York, NY 10115-0049

Changes received by the 15th of the month generally appear on the following month's invoice. For example, if MMBB is notified of a compensation increase by January 15th, your February invoice will reflect the change.

Compensation Changes Can Be Reported Retroactively

If you discover that you have underreported the compensation of a member, you can still report the error so that the member receives the full retirement plan contributions to which they are entitled. Death and disability coverage cannot be increased retroactively.

Your church must provide documentation of the member's actual compensation for the time period and make the additional premium payments that would have been owed. MMBB will invest the additional payments entirely in the member's retirement account.

Contact MMBB at **800.986.6222** for information and a calculation of contribution limits for the member.

Member Contribution Plan Changes

Changing Member Contribution Plan amounts

Employees can suspend or change the amount of their salary withheld for the Member Contribution Plan as often as they want. (At the very least, you should encourage them to increase their contributions whenever they experience an increase in compensation.)

To change a fixed contribution amount, submit a new Salary Reduction Agreement (Form A-13a). To download the form, go to **www.mmbb.org** and search "A-13a."

The contribution change takes effect after MMBB receives a properly executed Salary Reduction Agreement. The change only applies going forward. Under IRS regulations, you as the employer cannot make retroactive salary reductions.

If the employee elected to contribute a percentage of their compensation to the Member Contribution Plan, no revised agreement is necessary to keep up with salary increases. MMBB's billing to the plan will automatically change after you report the salary increase.

Suspending the Member Contribution Plan

To suspend contributions to the Member Contribution Plan temporarily, an employee must submit a new Salary Reduction Agreement (Form A-13a) showing the contribution amount as zero. Download this form by going to www.mmbb.org and searching "A-13a."

Both you as employer and the employee must sign this form and the organization should stop withholding contributions immediately. Once the form is complete it should be sent to:

MMBB Financial Services
475 Riverside Drive, Suite 1700
New York, NY 10115-0049

When the employee wishes to resume contributions to this Plan, they must complete a new Salary Reduction Agreement.

As per IRS regulations, contributions to the Member Contribution Plan must be suspended for six months following an approved hardship withdrawal. For more details, please visit the MMBB website under Plan Guidelines>Member Contribution Plan>Withdrawals. MMBB will cease billing for the Member Contribution Plan during that time and, unless notified otherwise, resume billing the original amount beginning in the seventh month. Do not withhold Member contributions for the employee during this six-month suspension.

Ending contributions to the Member Contribution Plan

Employees wishing to end participation in the Member Contribution Plan, must complete a new Salary Reduction Agreement (Form A-13a) showing the effective date and changing the contribution amount to zero. As the employer, you should sign the new Salary Reduction Agreement and forward it to:

MMBB Financial Services
475 Riverside Drive, Suite 1700
New York, NY 10115-0049

Employment Changes

Retirement

Notify MMBB at least 60 days before the intended date of retirement. To ensure that the final premium payment is included in the member's annuity, mail it no later than the 15th of the month prior to the retirement date.

Employment Ends

When a member's employment ends, notify MMBB immediately. You are responsible for paying the Comprehensive Plan premiums for the full month, even if employment ends before the last day of the month. Make sure you forward the Member contribution to MMBB for the final pay period.

Notify MMBB of the last month for which you will pay the premium for the employee who is leaving.

Employees Should Report Personal Changes Directly to MMBB

Your employees should contact MMBB directly to report changes in their personal information, including:

- Change of address, telephone or email
- Change in marital status
- Change of beneficiaries

Instruct your employees to call MMBB at **800.986.6222** or email **service@mmbb.org**.

As the employer, when a new hire arrives, consider providing benefits to that individual as you were previously for the departed employee.

5 Tax Reporting

Which tax reporting form should I use?

The IRS instructs that Form W-2 should be used to report an employee's taxable income from a church, not Form 1099-MISC.

- Form 1099-MISC is for self-employed workers. Ministers are considered self-employed for Social Security/Medicare tax purposes only, not for federal income tax purposes.
- If you use Form 1099-MISC, employer premiums paid for benefits, including benefit plans administered by MMBB, must be reported as taxable income.
- The employee's chances of being audited increase dramatically when Form 1099-MISC is used.



Completing Form W-2

For additional guidance, go to **www.IRS.gov** and download IRS General Instructions for Forms W-2 and W-3.

Sample W-2 for a Minister

22222		a Employee's social security number 111-11-1111		OMB No. 1545-0008	
b Employer identification number (EIN) 00-000000		1 Wages, tips, other compensation \$50,000.00		2 Federal income tax withheld	
c Employer's name, address, and ZIP code Sample Church 100 Main Street Anytown, ST 00000-0000		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 Last name Suff. Mary M. Minister 102 Main Street Anytown, ST 00000-0000		11 Nonqualified plans		12a C \$516.00	
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b E \$1,200.00	
		14 Other Parsonage all 4,800.00 Utilities all 3,600.00		12c L \$3,500.00	
				12d P \$1,500.00	
f Employee's address and ZIP 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	

Form **W-2** Wage and Tax Statement **2014** Department of the Treasury—Internal Revenue Service
Copy 1—For State, City, or Local Tax Department

Sample W-2 for a Lay Employee

22222		a Employee's social security number 111-11-1111		OMB No. 1545-0008		Safe, accurate, FAST! Use IRS e-file		Visit the IRS website at www.irs.gov/efile	
b Employer identification number (EIN) 00-000000		1 Wages, tips, other compensation \$25,060.00		2 Federal income tax withheld \$2,976.50					
c Employer's name, address, and ZIP code Sample Church 100 Main Street Anytown, ST 00000-0000		3 Social security wages \$25,060.00		4 Social security tax withheld \$1,553.72					
		5 Medicare wages and tips \$25,060.00		6 Medicare tax withheld \$363.37					
		7 Social security tips		8 Allocated tips					
d Control number		9		10 Dependent care benefits \$1,000.00					
e Employee's first name and initial Last name Suff. Charles L. Administrator 102 Main Street Anytown, ST 00000-0000		11 Nonqualified plans		12a See instructions for box 12					
		13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12b					
		14 Other		12c C \$600.00					
				12d					
f Employee's address and ZIP 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					

Form **W-2** Wage and Tax Statement **2015** Department of the Treasury—Internal Revenue Service
Copy B—To Be Filed With Employee's FEDERAL Tax Return.
This information is being furnished to the Internal Revenue Service.

Box 1 (Wages, tips, other compensation)

Report as taxable income	Exclude from reported income
<ul style="list-style-type: none"> • Cash salary • Social Security/Medicare tax offset • After-tax contributions to the Member Contribution Plan • Imputed income from death benefit coverage over \$50,000 (see page 28) • Employer-provided dependent care benefit in excess of \$5,000 • Allowances and reimbursements for ministry-related expenses in the absence of an accountable reimbursement plan • Automobile reimbursement in excess of IRS-allowed mileage or per diem rates, even if an accountable plan is established • Personal use by the employee of a church-owned automobile • Travel expense payment for an employee's spouse to attend a denominational meeting, unless the spouse is an employee of the church and attending for business reasons • Increase in compensation in lieu of employer provided health insurance • Reimbursement of a spouse's Medical Insurance premiums • Non-qualified moving expenses paid by the church or reimbursed to the employee 	<ul style="list-style-type: none"> • Housing or parsonage allowance for ordained staff • The Employer's Comprehensive Plan premium payments on behalf of the employee • Employer contributions to the Retirement Only Plan • Employee contributions to the Member Contribution Plan via a Salary Reduction Agreement • Amounts withheld for flexible spending accounts (FSAs) • Cost of employer-provided health care • Allowances and reimbursements for ministry-related expenses not exceeding the IRS standard amount, provided that an accountable plan has been established • Qualified moving expenses paid directly by the church, or reimbursed

To Avoid Taxation of Expense Reimbursements, Adopt an Accountable Plan

You reimburse your employees for work-related expenses. How can you keep those payments from being taxed as additional income? Adopt an “accountable reimbursement plan” that follows IRS rules.

An accountable plan requires employees to substantiate each business-related expense. They must also return to you any advanced funds that were in excess of the actual expense.

Your board of trustees must pass a resolution defining the criteria for ministry-related expenses. For more information, visit mmbb.org and search for “Guide to Negotiating Pastor Compensation” or contact us at **800.986.6222**.

Boxes 2 to 6 (Federal income tax/Social Security tax withheld)

- List the tax amounts withheld for lay employees.
- For ordained staff, leave blank.
- If your minister has arranged for voluntary withholding of federal income tax, include the amount of withholding in Box 2.
- For self-employed workers not treated as self-employed for federal tax purposes, include contributions to the Member Contribution Plan in Boxes 3 and 5.

Box 10 (Dependent care benefits)

- Report the total amount of dependent care benefits provided under a Flexible Spending Plan, whether paid or incurred by the employer or not for the employee.
- Include the fair market value of any employer-provided or employer-sponsored day care facility and amounts paid or incurred in an FSA.
- The total should include any amount in excess of the \$5,000 exclusion (also included in Box 1).

Box 12a, b, c, d

For each form of reported compensation, write the appropriate letter in the "Code" column and then enter the dollar amount.

- C Include "imputed income" equal to the annual cost of employer-provided group term life insurance in excess of \$50,000 (see page 23 for how to calculate this amount).
- E Include all amounts deferred via the Member Contribution Plan or any other 403(b) Salary Reduction Agreement.
- L If your church reimburses the employee under an accountable plan in excess of the standard IRS mileage or per diem rates, enter the portion of reimbursement that is equal to the amount allowed by the appropriate IRS rate. Do not include allowance reimbursement in Box 1 if the total is less than, or equal to, the amounts of the IRS mileage or per diem rate.
- P Include qualified moving expenses reimbursed to the employee that are not reported as taxable income in Box 1. (Expenses an employer pays directly to a moving company on behalf of the employee are no longer reported on Form W-2.)

Box 13 (Statutory employee/Retirement plan/Third-party sick pay)

Check "Retirement Plan" for members of the Comprehensive Plan, Retirement Only Plan or the Member Contribution Plan.

Box 14 (Other)

This box is informational. You have the option of using it to report the amounts of the housing allowance, parsonage rental value and/or utilities allowance.



Calculating Imputed Income for Death Benefits

The annual cost of employer-provided death benefit protection in amounts over \$50,000 is considered imputed income by the IRS. This income is taxable to the employee and it must be reported to the IRS in Section 12 of Form W-2. Here's how to calculate the amount for the life insurance portion of the Comprehensive Plan.

1. Member's age: (a) _____
2. Member's annual compensation: (b) _____
3. Member's death benefit: (c) _____
(use table at lower right)
4. Death benefit: (c) _____ minus \$50,000 equals (d) _____
(death benefit in step 3) (excess death benefit)
5. (d) _____ divided by \$1,000 equals (e) _____
(excess death benefit in step 4) (excess death benefit in thousands)
6. (e) _____ multiplied by (f) _____ equals (g) _____
(excess death benefit in thousands from step 5) (cost from IRS table below) (monthly cost of excess benefit amount)
7. (g) _____ multiplied by 12* equals (h) _____
(monthly cost of excess benefit amount) (imputed income or annual cost of excess benefit amount)

IRS Cost Table	
Age Bracket	Cost per \$1,000 of Protection for One Month
Under age 25	\$.05
Age 25–29	.06
Age 30–34	.08
Age 35–39	.09
Age 40–44	.10
Age 45–49	.15
Age 50–54	.23
Age 55–59	.43
Age 60–64	.66
Age 65–69	1.27
Age 70 and above	2.06

MMBB Death Benefit	
Age Bracket	Annual compensation
Through age 40	5x annual compensation
Age 41 through 50	4x annual compensation
Age 51 through 60	3x annual compensation
Age 61 through 65	2x annual compensation
Age 66 to retirement	1.5x annual compensation

Reduce by two-thirds in first year of membership and by one-third in second year of membership. Pay for benefit purposes is limited to \$250,000 per year.

*Adjust this multiplier if calculating for an employment period of less than one year.

Flexible Spending Account (FSA)

If you offer an employer-provided health care plan to your employees, you can establish a health care Flexible Spending Account (FSA) to help your employees pay for unreimbursed medical expenses. An FSA allows employees to pay for many medical and dependent care expenses with “pre-tax” dollars.

When your organization establishes a Flexible Spending Account (FSA), employees can elect to have a set amount withheld from each paycheck. As they incur eligible expenses, they submit documentation to you and are reimbursed from those untaxed funds. Money withheld from each paycheck is not reported as taxable income for federal income tax or Social Security/Medicare tax. In most states, FSA contributions are not reported for state income tax purposes.

You may offer two types of FSA:

- A dependent care FSA is used only for eligible dependent care expenses.
- A health care FSA is used only for eligible medical expenses. If your organization offers a health care plan, this is a way to help employees with copays, deductibles or medical expenses that aren’t reimbursed.

Employees cannot transfer money from one FSA to the other. In 2015, the maximum contribution to a health care FSA was \$2,550 and \$5,000 to a dependent care FSA.

If you want to offer an FSA, MMBB can provide support:

- Our free FSA kit helps you set up FSA accounts, communicate the plans to staff and enroll employees. It also includes templates for forms that employees can use when requesting reimbursement through your plan.
- Two calculators on the MMBB website within the financial planning section can help your employees decide how much to put into each type of FSA in order to minimize the risk of forfeiting funds.

For more information, visit www.mmbb.org and search “FSA,” or call MMBB at **800.986.6222**.

6 Other Information

At the end of the year, review your staff compensation and benefits program. This is also a good time to review your tax reporting responsibilities.

- If your church provides a parsonage, review the fair rental value and report any increase to MMBB so that Comprehensive Plan premiums and benefits will be accurate.
- Review last year's accountable plan for ministry-related expenses and adjust as needed to ensure that the expense allowance is adequate.
- Collect your employees' salary reduction elections for new health care and dependent care flexible spending accounts (FSAs).
- Remind employees to submit their FSA claims for the 2015 calendar year before the FSA claims filing deadline that you as the employer have established.
- Provide Copies B, C and 2 of Form W-2 to employees by Monday, February 1, 2016.
- File Copy A of Form W-2 with the Social Security Administration by Monday, February 29, 2016.
- Check to see that you, the employer, have an MMBB plan document and Adoption Agreement for each plan in which you participate. If not, contact MMBB.
- Reconcile the amount of contributions withheld from an employee's pay for the Member Contribution Plan with the actual amount billed by MMBB. Be sure there is no discrepancy between the employee's tax record and what was submitted on their behalf.

Helpful Resources

Documents and Resources available free of charge from MMBB.org

Visit www.mmbb.org and click on “Download Documents and Resources.”

- *Tax Guide for Ministers* by Richard R. Hammar (updated annually)
- *Federal Reporting Requirements for Churches* by Richard R. Hammar (updated annually)
- *Guide to Negotiating Pastor Compensation*

Documents and Resources available free of charge from the Internal Revenue Service

Search on www.irs.gov, or call **800.829.3676**.

- Publication 517: *Social Security and Other Information for Members of the Clergy and Religious Workers*
- Circular E: *Employer’s Tax Guide*
- Publication 17: *Your Federal Income Tax for Individuals*
- Publication 463: *Travel, Entertainment Gift and Car Expenses* (for guidance on accountable plans for ministry-related expenses)

Resources available for purchase

Visit store.churchlawtodaystore.com/20chcltaxgu1.html, or call **800.222.1840**.

- *Church and Clergy Tax Guide* by Richard R. Hammar



Contacting MMBB

Mail: Administrative correspondence:

MMBB Financial Services
475 Riverside Drive, Suite 1700
New York, NY 10115-0049

Premium payments only*:

MMBB Financial Services
P.O. Box 121142, Dept. 1142
Dallas, TX 75312-1142

Pay Online:

Visit **mmbb.org** and click the log in button.
Have your five digit account number available.

Pay by Phone:

Call **800.986.6222** and have your five digit
account number available.

Call: **800.986.6222**

8:30 a.m. to 5:30 p.m., Eastern Time (Monday to Thursday)
8:30 a.m. to 4:30 p.m., Eastern Time (Friday)

Email: **service@mmbb.org** (personnel changes, general questions) **billing@mmbb.org** (questions about your invoice)

*Except for periodic (i.e., non-monthly) employer contributions to the Retirement Only Plan. These should be mailed, with an explanatory letter, to our New York office (see page 12).



Real Planning. Real Solutions. That's Our Calling.

The Ministers and Missionaries Benefit Board
475 Riverside Drive, Suite 1700
New York, NY 10115-0049

T: 800.986.6222

F: 800.986.6782

E: service@mmbb.org

www.mmbb.org