



Virginia United Methodist Pensions, Inc.

Taxation of Moving Expenses

May 22, 2018



- Under the Tax Cuts and Jobs Act, the tax exclusion of moving expenses has been suspended for 2018-2025 tax years
 - Moving expenses paid directly by the employer are now a taxable benefit to the employee
 - Moving expenses paid by employee and reimbursed by the employer are now a taxable benefit to the employee
 - Moving expenses paid by employee and unreimbursed are not deductible from taxation
- Moving expenses are not eligible for Accountable Reimbursement Plan
- Two main areas of impact
 - Tax reporting
 - Pensions

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Tax reporting



- Taxable compensation to Self Employed Contributions Act (SECA)
- Must be reported on W-2 as taxable income for both Federal and State
- An estimate of the tax impact of a \$3,000 moving expenses is below:

	Tax bracket	
	Low	High
Social Security & Medicare	460	460
Fed/State Income tax	600	1,440
Estimated Tax Impact to Employee	\$1,060	\$1,900



- As taxable income, moving expense reimbursements are now treated as “pensionable income” by Wespath
 - Wespath has changed the definition for UMPIP, so that plan is not affected
 - Wespath anticipates seeking General Conference approval of CRSP and CPP changes in 2020, which would be effective as of 1/1/2020
- The following programs are affected:
 - CRSP-DC contributions will increase proportionally
 - CRSP-DB benefits are tied to the DAC, so as the DAC rises the projected benefits will grow and VUMPI’s funding will increase
 - CPP disability benefits, at 70% of total plan compensation, will be higher and the amounts billed to VUMPI will increase

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Primary areas of concern



- Actions required as a result of this change generally fall into two areas
 - Need to make churches aware so that they report taxable income correctly
 - Need to report the income correctly to Wespath so that pension credit is reported properly

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What has already been done?



- Bryan Compton has added a moving expense reporting capability to EVC

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What needs to be done?



- Communicate to churches so that they know what and how to report
 - To the IRS
 - To the Conference
- Communicate to clergy so that they are aware of the tax impact on them individually
- Communication channels
 - Dollars & Sense Newsletter
 - Conference Communications (e-Advocate, ClergyNet, etc.)
 - Targeted messages to church treasurers welcoming new pastors
 - Targeted messages to clergy moving this year

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Timing sequence



- Churches will be asked to report moving expense reimbursements in EVC prior to the end of August
- VUMPI will report all moving expenses to Wespath in September
- Wespath will bill VUMPI in October or November for the additional pension contributions attributable to moving expense income
- Mid-year pastoral move expenses will also be reported through EVC