

BOARD OF PENSIONS OF THE CHURCH OF GOD

Contribution Types

Church/Employer Contribution

- ❖ Tax-deferred
- ❖ Paid and remitted by the church/employer as a fringe benefit (i.e. above and beyond the employee's salary or regular wages).
- ❖ Not reported to the employee as income on the annual Form W-2.

Member Before-Tax Contribution

(Requires a signed salary reduction agreement on file with the church/employer)

- ❖ Tax-deferred
- ❖ Paid (via salary reduction) by the member and remitted by the church/employer based on a salary reduction agreement between the employer and employee. The salary reduction agreement, which must be kept on file by the employer, allows the member to reduce currently taxable income and, therefore, current tax liability.
- ❖ Reported on the W-2 Form in Box 12 (Code E), but **NOT** included in Box 1 as a part of wages. For non-ordained (lay) employees, this amount would, however, be reported and taxed as a part of Social Security Wages and Medicare Wages in Boxes 3 and 5.

Member After-Tax Contribution

- ❖ Paid by member on a personal check, typically. Could also be remitted on a church/employer check if withheld from **net pay** (after taxes) rather than from gross pay.