

PERSONAL FINANCIAL POLICIES: UNITED STATES

Your personal financial support is derived from three sources:

- 1) Housing, health benefits, salary and expense reimbursement paid by the field according to their ability to pay;
- 2) Village Missions' base supplement; and
- 3) Donor support.

Field Support

Before your arrival, the District Representative has worked with your Church Board to establish the financial arrangements. The church will be asked to provide medical benefit, housing and utilities, and as much of the Minimum Base Support as they are able. Every church or field will vary in their ability. We want to help the Church, but it is understood that they will not allow Village Missions to furnish what is their responsibility and within their ability.

Base Supplement

The base supplement is exactly that, a supplement. It is intended to be only one part of your total support. The supplement is provided by Village Missions to make up the difference between the support that the field provides, and a pre-determined level, called the Minimum Base Support.

The amount is not guaranteed and is established as God makes the funds available. This amount may be increased or decreased from time to time as deemed necessary by the Board.

The current Minimum Base Support figure is \$1,700 per month.

Items that the field pays directly to you, or on your behalf decrease the supplement paid. Certain items are exempt. Review the Monthly Report instructions. Please check with your District Representative for further details.

Donor Support

The amount of donor support you are required to raise is established based on when you apply to the Mission. When accepted you will be given a suggested goal of needed support. You are required to raise an additional amount for each child under the age of 18. The current suggested amount of personal support needed is \$600 per month. This figure plus child support is the basis for determining your goal.

That goal may require additional funds for your personal support. The amount of needed support may vary in response to amounts set by the Mission, family size and state or locality where you will be serving. You are free to raise more as your situation demands. All that you raise is yours for ministry with Village Missions, in addition to the Minimum Base Support.

Operational Service Fee

A "Operational Service Fee" of \$300.00 each month is charged of new missionaries. This service fee will be deducted from your donor support each month. If a missionary's donor support falls below the fee charged when they entered the Mission, they will be required to make up the difference. These

monies are used to fund basic support services that the Mission provides to the missionary. The amount of donor support you are required to raise is established based on when you apply to the Mission. When accepted you will be given a suggested goal of needed support. You are required to raise an additional amount for each child under the age of 18. The first portion of your donor support stays with the Mission to fund basic support services that the Mission provides to you and your donors.

Pay Cycle

Supplement and donor support payments are transmitted electronically to your bank account on a monthly basis. This transmission is based on actual salary reported on your Monthly Report and funds credited to your support account through the last business day of the report month. The cut-off for payments of donor support is the last business day of the month. **Make sure your donors mail their support early.**

When you arrive on the field, send a voided check to the International Service Center as soon as possible. Direct Deposit needs to be set up no later than the first day of the month in which you receive your first payment.

Gifts from Canadian donors to U.S. missionaries will likely be delayed an additional 30 days because the Canadian office must forward the funds to the International Service Center.

The goal of the ISC is to transmit payments by the tenth business day following the last Sunday. This is contingent upon you submitting your monthly report on time. Missionaries in self-supporting churches as well as those needing supplement are expected to file timely reports. **Monthly Reports must be submitted by the Wednesday following the last Sunday of the month.**

Medical Benefit

Missionaries are required to participate in the Village Missions Employee Benefit Plan. This is a self-funded plan covering major medical expenses after a set deductible. The effective date of enrollment is the 1st of the month after your arrival on the field. You will automatically receive necessary information and an enrollment card after you are placed on your first field. If this information is not received within one week of your placement, you should contact Village Missions International Service Center in Dallas and request it.

The local church is responsible for payment to this plan and the District Representative will have worked out the details of this matter before your arrival.

Worker's Compensation

Village Missions carries worker's compensation insurance to cover you in the event of an injury incurred in the normal course of your field ministry. Some larger churches may have chosen to provide this coverage themselves. If so, we ask that Village Missions be notified so we can cancel our coverage. Call the International Service Center for assistance in filing your claim.

Retirement Benefits

1) **Social Security**

Social Security participation is a requirement of employment with Village

Missions. Social Security provides a death benefit and disability insurance for a spouse and children, as well as retirement income and Medicare and Medicaid. Village Missionaries should view Social Security as one component of their retirement planning that includes the Village Missions' Pension Plan and a 403 Tax Sheltered Account. Village Missions has various policies to supplement Social Security death or disability payments.

2) Pension Plan

A contributory defined benefit pension plan has been established with Principal Mutual Life Insurance Company. Participation is mandatory. Enrollments are made monthly following the first year of service. Information is provided by the International Service Center at your one-year anniversary.

The missionary contribution established at this date is \$30 per month. This amount must be paid from your personal funds in after-tax dollars.

Various options are available to withdraw contributions upon termination or retirement.

3) 403(b) Annuity

An individual 403(b) Tax Sheltered Account may be established at your initiative. The amount you designate may be withheld from your supplement and donor support payment through a Salary Reduction Agreement. This amount is not subject to social security or income tax.

A retirement planning specialist selected by Village Missions is available to help you select appropriate investments for your 403 (b), suited to your individual needs.

For additional information, see **Tax Reporting**, below.

Life Insurance

As part of Village Missions Employee Benefit Plan, life insurance is provided for each missionary in the amount of \$20,000. An additional \$5,000 coverage is provided for the spouse and each child.

An optional \$20,000 of additional life insurance coverage is offered to the subscriber only at a minimal cost through the medical plan. The premium is based on the applicant's age and goes up periodically as he grows older. The coverage can be dropped at any time the added protection is no longer needed.

Helping Fund

This fund is available to those of our missionaries who have excessive medical bills or other emergency expenses that they are unable to pay. Dental bills are not covered by this plan but see Dental Reimbursement below. When making application for assistance, a copy of the request form and copies of current unpaid bills should be sent to your District Representative. He then will forward the request along with appropriate information to the Helping Fund Committee. Funds will be paid directly to the provider as indicated on the bill. This is a benevolent fund, not to be viewed as a second insurance. Since the funds are limited, they will be dispensed according to the priority of need.

Dental Reimbursement

To help defray the cost of general dental services, a limited amount of funds are available those who qualify per fiscal year (July 1st to June 30th). Orthodontia work is not eligible. Payments to purchase a dental plan are eligible.

The current amount established is 80% of the first \$800.00 for those who make less than \$2,300 a month.

Tax Reporting

When you serve as a Village Missionary, you are classified as an employee. At year-end, you will receive a Form W-2. Your W-2 will report to you income received directly from Village Missions in the form of supplement and donor support payments.

The church you serve is responsible for providing you with a form W-2 for income they pay to you. Contact your District Representative if the church is unwilling to do so. You are responsible to report income you receive directly from other sources in the form of support or honoraria.

As a Village Missionary you will be classified by the Internal Revenue Service as an **employee for income tax purposes and self-employed for Social Security tax purposes**. This dual classification carries with it the responsibility to pay your own Social Security tax, as well as several other unique issues. Neither Village Missions, nor the churches, are required to withhold taxes or Social Security from your wages. You are responsible for properly estimating your tax and Social Security liability and making quarterly payments. You will be responsible for the whole amount; there is no matching of income taxes or Social Security obligations.

You are strongly encouraged to obtain competent tax counsel. Your District Representative can provide you with references and resources. A minister's tax guide is an essential tool. Keep good financial records; they will save you money!