

## UU Retirement Plan Definition of Compensation

This definition is to be used, along with the Employer's Participation Agreement and Employee's Contributions Agreement, when determining the amount of each type of contribution being remitted to the Plan.

**Note that "Employer" refers to a UU Employer that has adopted the Plan.**

### **2.13 Compensation**

"Compensation" means total remuneration paid by an Employer for the Employee's services and reported on Form W-2 before deduction for elective contributions subject to Code Sections 401(k), 403(b), 125 (including "deemed 125 compensation" as defined in Revenue Ruling 2002-27), 132(f)(4) or 402(h)(1)(B).

Compensation **includes** amounts received as a "housing allowance" which qualify for exclusion from gross income under Code Section 107. Compensation **excludes**: (i) any severance pay whether paid before or after termination of employment, **and** (ii) additional benefits not paid in cash. Compensation shall **exclude** amounts paid after a Participant's Severance from Employment, **except for** payments of unpaid wages, overtime and accrued vacation leave that the Participant would have been able to use if employment had continued that are paid within the later of 2-½ months after the Participant's Severance from Employment or the end of the Plan Year that includes the date of the Participant's Severance from Employment.

### **Each Employer may elect in its Participation Agreement to exclude from Compensation:**

- (i) amounts paid to compensate ministers for amounts owed under the Self-Employment Contributions Act,
- (ii) the value of any Employer-paid insurance premiums imputed as taxable income to the Employee, or
- (iii) amounts paid to compensate the Employee for federal and state income taxes owed on Employer-provided benefits for a partner or same-sex Spouse.

**NOTE: Refer to your current Employer Participation Agreement to determine which, if any of those items your Board elected to exclude from Compensation.**

Notwithstanding the foregoing, Compensation of an ordained Unitarian Universalist minister who is self-employed as defined in Code Section 401(c)(1) means net earnings from self-employment related to the Unitarian Universalist ordained ministry. Net earnings shall be determined without regard to items not included in gross income and the deductions allocable to such items. Each Participant's Compensation shall be limited to \$250,000 in each Plan Year (as adjusted to reflect the dollar amount applicable under Code Section 401(a)(17)).