



## Pay Administration Checklist

Legal compliance is foundational to the fair treatment of staff. This list covers some common legal requirements of pay administration, including frequent sources of confusion and mistakes. We encourage you to make use of this checklist annually and whenever there is a change in responsible parties. Be sure to check for any laws that apply in your state and locality; this checklist is not meant to be comprehensive and cannot replace appropriate guidance from your own employment attorney.

Legal Requirements for Pay Administration	Resource	Verified (date)	Responsible party (role)
<b>General</b>			
Every worker is appropriately classified as an employee or as an independent contractor. We are aware of any state laws that supersede the federal definitions. We understand that most workers in congregations are employees.	<a href="https://www.uua.org/leadership/library/employee-or-contractor">https://www.uua.org/leadership/library/employee-or-contractor</a>		
Every employee is properly classified as exempt or nonexempt under the federal Fair Labor Standards Act (and ministerial exception), with applicable state law taken into account. We understand that by default employees are nonexempt unless a case can be made for a particular exemption.	<a href="https://www.uua.org/leadership/library/fair-labor">https://www.uua.org/leadership/library/fair-labor</a>		
Recordkeeping requirements are met for exempt and nonexempt employees, per the Fair Labor Standards Act (and applicable state law). This includes keeping records of daily and weekly hours worked by each nonexempt employee.	<a href="https://www.uua.org/leadership/library/fair-labor">https://www.uua.org/leadership/library/fair-labor</a>		
Any nonexempt employee working more than 40 hours in a week (or as required by state law) receives overtime pay, regardless of whether they are paid hourly or salaried.	<a href="https://www.uua.org/leadership/library/fair-labor">https://www.uua.org/leadership/library/fair-labor</a>		
Federal, state, and local minimum wage laws, and any applicable living wage ordinances, are known and met.	<a href="https://www.dol.gov/whd/forstateandlocalgovernments.htm">https://www.dol.gov/whd/forstateandlocalgovernments.htm</a>		
For any <i>salaried nonexempt</i> employee, actual recorded hours each week are checked against salary to ensure that OT and minimum wage provisions are met.	<a href="https://www.uua.org/leadership/library/fair-labor">https://www.uua.org/leadership/library/fair-labor</a>		
State requirements for pay frequency are known and met.	<a href="https://www.dol.gov/whd/state/payday.htm">https://www.dol.gov/whd/state/payday.htm</a>		

Legal Requirements for Pay Administration, continued	Resource	Verified (date)	Responsible party (role)
<b>Ministerial Compensation</b>			
<p>We are familiar with the 3 special tax provisions for (fellowshipped or ordained) ministers:</p> <ol style="list-style-type: none"> <li>1. Dual tax status</li> <li>2. Housing allowance</li> <li>3. Withholdings optional</li> </ol>	<p><a href="https://www.uua.org/leadership/library/ministerial-compensation">https://www.uua.org/leadership/library/ministerial-compensation</a></p>		
<p><b>Dual Tax Status:</b> We understand that our minister is an employee for nearly all purposes, but self-employed with respect to Social Security/Medicare tax. Further, we are aware that the congregation is legally prohibited from withholding or remitting Social Security/Medicare taxes for the minister.</p>	<p><a href="https://www.uua.org/sites/live-new.uua.org/files/clergy_tax_status_0815.pdf">https://www.uua.org/sites/live-new.uua.org/files/clergy_tax_status_0815.pdf</a></p>		
<p><b>Housing Allowance:</b> If the minister chooses, our governing board designates a housing allowance for our minister in advance (by calendar year or program year), based on the minister's estimate of how much they can claim.</p>	<p><a href="https://www.uua.org/leadership/library/housing-allowance">https://www.uua.org/leadership/library/housing-allowance</a></p>		
<p><b>Withholdings Optional:</b> We allow our minister to choose whether or not to have federal/state income taxes withheld. (And we understand that they may choose to "over-withhold" in order to cover their anticipated SECA payment.)</p>	<p><a href="https://www.uua.org/leadership/library/ministerial-compensation">https://www.uua.org/leadership/library/ministerial-compensation</a></p>		
<b>Benefits and Deductions from Pay</b>			
<p>We have a copy of each benefits enrollment form in the Personnel File (signed and dated by the employee) indicating that the employee is enrolling in or has declined participation in benefits we offer. Enrollment elections correspond to benefit deductions from pay.</p>			
<p>Retirement plan contributions withheld from the employee's pay are transmitted to TIAA (for UUA Retirement Plan) as soon as administratively possible.</p>	<p><a href="https://www.uua.org/sites/live-new.uua.org/files/benefits_tuneup_workbook.pdf">https://www.uua.org/sites/live-new.uua.org/files/benefits_tuneup_workbook.pdf</a></p>		