



South Dakota Synod

Evangelical Lutheran Church in America

God's work. Our hands.

2013
Compensation and Guidelines
for
Ordained Rostered Leaders,
Rostered Lay Leaders, and Lay Staff

Effective January 1, 2013

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GUIDELINES TASK FORCE MEMBERS: Bear Butte Conference
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Compensation Guidelines for Pastors and Lay Staff

I. MUTUAL MINISTRY – More than a Once-A-Year Conversation

A. The functions of a Mutual Ministry Committee fall into four areas:

1. Identifying professional leadership needs for the congregation, preparing job descriptions, serving as the call or interview committee at the time when a congregation seeks to call a pastor, or as the exit interview group when a pastor leaves. Serving as the personnel committee, dealing with other staff, such as the secretary, organist, choir director, or custodian.
2. Identifying continuing education possibilities with the pastor in light of his/her and the congregation's needs, encourage developing a Continuing Education Covenant between pastor, church council, and the synod. Enabling the pastor to participate in such opportunities.
3. Providing on-going reflection on the needs and expectations of both pastor and congregation, guided by the mission statement of the congregation, and periodically reviewing the call/contract/appointment extended to the pastor, as provided for in the Letter of Call.
4. Serving as the personal and confidential support group to the pastor, and spouse, providing opportunities for open communication between congregation and pastor, initiating possibilities for reconciliation in times of conflict.
5. The synod office suggests a Mutual Ministry resource, a booklet, "Pastor and People, Making Mutual Ministry Work," which can be ordered from www.augsburgfortress.org.

B. A Mutual Ministry Committee may be composed of six members, three to be appointed each year for a term of two years. This committee shall be appointed jointly by the council president and pastor (or senior pastor). Committee members will hold no other office in the congregation during their term.

II. FORM A COMPENSATION REVIEW TASK FORCE

A. Such a task force might be made up of two council members, chair of the Mutual Ministry Committee, and one member at large from the congregation. These should be persons who are representative of all segments of the congregation and they should take into account the following factors when specific dollar figures are recommended:

1. Pastors are professionals by training, qualification and function. Just compensation for the pastor will be parallel to persons who hold similar positions of responsibility in the community (superintendent of schools, principal, hospital administrator, etc.). An appropriate compensation package should be large enough so that a pastor does not have to rely on sporadic honorariums. (Honorariums are expressions of gratitude, not payment for services.)
2. An underpaid pastor will be undervalued. A well paid pastor has added incentive!
3. See page 7 for a base salary grid. These numbers represent minimum compensation for full time leadership. They are a starting point for salary discussions.

4. Other factors which need to be kept in mind are the economics of the parish, the degree of administrative responsibility, geographic location of the parish, non-parish experience of the pastor, the additional education of the pastor, and the effectiveness of the pastor.
- B. At the first meeting, the task force meets with the pastor or other staff member in a review of responsibilities, goals attempted, and objectives achieved, inviting the pastor's input into the discussion using the following questions:
1. Briefly review your education and your experience in church work.
 2. What has the congregation needed most from you this past year?
 3. What was accomplished in the past year? What specific goals did you meet?
 4. What are your goals and objectives for the coming year? (Pastors: write out the "specific responsibilities or emphasis" which you think the congregation needs from you in the coming year, updating that part of your Letter of Call.)
 5. What could the members of the congregation do to make your work more pleasant and effective? What are your family needs?
 6. List your community and church activities outside the parish.
 7. What do you consider fair compensation and fringe benefits for the coming year? Why?
- C. At the second meeting, the task force meets without the pastor/or staff member. Each member of the task force present prepares in written form a response to the following questions:
1. Based on last year's statement of expectations (Letter of Call), how would you evaluate your pastor's work during the past year?
 2. What do you see as the special skills or strengths of your pastor (or staff member)?
 3. What do you see as especially needed from this pastor (or staff member) in the coming year?
 4. Identify your pastor/staff member's community and church-related activities outside the congregation and consider how those relate to the mission of your congregation.
 5. How can the congregation or its leaders make your pastor/staff member's work more pleasant and effective.
 6. Taking into account the factors listed above, what would you consider fair compensation and fringe benefits for your pastor (or staff member) for the coming year? Why?
- D. At a third meeting, the pastor (or staff member) meets again with the committee and the following items are reviewed and discussed together:
1. The education, experience and special abilities of this pastor/staff member.
 2. The specific ways this pastor/staff member's gifts and abilities are needed and used in the congregation.
 3. What specific goals and objectives do you have for the congregation for the coming year stated in writing and what is needed from the pastor/staff member to meet those objectives?
 4. What can the congregation or its leadership do to make the work of our leaders more pleasant and effective?
 5. The activities of your pastor/staff member in your community and beyond it.

6. The task force's recommendations for salary and fringe benefits for the coming year and the rationale behind these recommendations.

III. FIRST CALL THEOLOGICAL EDUCATION

- A. All newly ordained pastors will participate in structured programs of theological education during their first three years of service under call. The purpose of First Call Theological Education is to enhance the transition from seminary to parish. The desired outcome is that during their first three years under call, pastors and rostered lay leaders of the ELCA will have made the initial transition into their respective leadership roles and will have grown in knowledge of God's Word and the Lutheran confessional witness, in love for Jesus Christ and his Church, and in commitment to its mission.
- B. In order to address this common purpose, ELCA programs of First Call Theological Education will give special attention to:
 1. Personal development of leadership style and collegiality, spiritual discipline, and ministerial identity appropriate to the respective rosters;
 2. Competence in and overall integration of various aspects of the practice of ministry;
 3. Discernment of the local and regional context of ministry.
- C. Congregations are asked to covenant with the newly ordained pastor to support the pastor's participation in the First Call program. This program means 50 hours of continuing education during each of the first 3 years of ordained service. Key components are:
 1. A 3-day core event held annually in several locations in the region, which constitutes 25 contact hours.
 2. 25 contact hours of elective experiences and events: seminars, workshops, synodical or churchwide events, etc.
 3. Participation in regular meetings with colleagues or a mentor.
 4. Structured reading designed to support and extend the other education components in fulfilling the goals of the program.

Note: First-Call resources, including a 24-minute video "First Call Theological Education" and printed materials explaining the program, are available from the synod office.

WORKING THROUGH THE PACKAGE

MINIMUM BASE SALARY GUIDELINE

- 1) We strongly encourage congregations to provide these minimums. In the event that a pastor comes to ordained ministry with other career experiences that enhance the ability to do ministry, the value of those experiences should strongly be considered when setting salary. If the pastor has previous secular experience, it is recommended that for every three (3) years of secular experience, add one (1) year ordained experience. Other factors that should be considered are the additional education of the pastor and the effectiveness of the pastor (either spiritual or numerical growth in the parish). The year in which the pastor is ordained is counted as a full year of experience.
- 2) For Advanced Degrees: i.e., DMin, PhD., STM or other degrees the congregation deems germane to their ministry, add \$1,000.

For multi-point parishes: If the pastor serves two congregations, add \$2,000.00; if three, add \$3,000.00 etc.

For larger congregations: Increase these figures to reflect additional responsibilities. Therefore, the guideline amounts should be increased by one of the following adjustments, whichever one may be applicable:

Over 600 baptized, add \$1,500.00 to each line.

Administrative pastors with over 900 baptized and supervising staff, add \$3,000.00 to each line.

For single congregations: This salary grid represents the **minimum** guidelines for single congregations. We strongly encourage congregations to provide these minimums. These figures represent a **base salary only**. They do not include parsonage, social security, utilities, housing allowances, or any other fringe benefits.

We urge you to:

1. Consider increasing the total benefit package to cover the annual cost of living increases.
2. Contact the synod office for assistance with stewardship education and programming.
3. Consider ways of strengthening the economic base of the parish including linking with neighboring Lutheran congregations or other ecumenical partners.
4. If you are unable to compensate a pastor at the levels of years of experience, consider paying pensions based on the guideline level for the pastor's years of experience.
5. Consider creative nonfinancial tradeoffs:
 - a. Additional vacation time including Sundays off.
 - b. Sabbatical and/or additional continuing education time.
 - c. Flexible hours to allow pursuit of personal interests or avocations which may or may not produce personal income.
6. Consider purchasing or leasing a vehicle for the pastor.
7. Consider assisting the Seminary Graduate with his/her student loan debt.

If additional information or interpretation is needed, call the synod office at (605) 274-4011 or see the ELCA Portico Benefit Services website: www.elcabop.org for calculator links and other information. The ELCA Portico Benefit Services can be reached at 800-352-2876.

Note: The minimum base salary range listed below for 2013 includes a 3% increase in every category over the 2012 salary guidelines. That, plus the year of experience step, allows for a salary maintenance and a minor increase, depending on future economic variations.

South Dakota Base Salary Recommendations:

Years Of Experience	Year Ordained	Base Salary Range			Additions for large multi- point & advanced degrees p. 6	Total of Base & additions
			Low	to High		
0	2013	\$	\$32,369	\$33,339		
1	2012	\$	\$33,068	\$34,061		
2	2011	\$	\$33,772	\$34,784		
3	2010	\$	\$34,471	\$35,503		
4	2009	\$	\$35,168	\$36,224		
5	2008	\$	\$35,863	\$36,938		
6	2007	\$	\$36,406	\$37,498		
7	2006	\$	\$36,953	\$38,062		
8	2005	\$	\$37,496	\$38,621		
9	2004	\$	\$38,038	\$39,178		
10	2003	\$	\$38,578	\$39,735		
11	2002	\$	\$39,117	\$40,291		
12	2001	\$	\$39,655	\$40,846		
13	2000	\$	\$40,193	\$41,398		
14	1999	\$	\$40,728	\$41,950		
15	1998	\$	\$41,262	\$42,501		
16	1997	\$	\$41,616	\$42,897		
17	1996	\$	\$42,033	\$43,294		
18	1995	\$	\$42,415	\$43,690		
19	1994	\$	\$42,845	\$44,086		
20	1993	\$	\$43,184	\$44,480		
21	1992	\$	\$43,420	\$44,724		
22	1991	\$	\$43,659	\$44,968		
23	1990	\$	\$43,893	\$45,212		
24	1989	\$	\$44,127	\$45,451		
25	1988	\$	\$44,416	\$45,750		
26	1987	\$	\$44,705	\$46,046		
27	1986	\$	\$44,991	\$46,341		
28	1985	\$	\$45,278	\$46,636		
29	1984	\$	\$45,568	\$46,936		
30	1983	\$	\$45,857	\$47,232		
For over 30 years of experience add \$300 per year.						

COMPENSATION WORKSHEET WHERE PARSONAGE IS PROVIDED
Computing Compensation, Benefits, & Expenses
Related to the Support of a Pastor

(Example is pastor, with 5 years experience, married with children at 10% pension.)

A. COMPENSATION

	Example	Our Congregation	
		This year	Proposed
The congregation will provide the following annual compensation:			
1. <u>Base salary</u> - See page 7. Designated furnishings allowance below 3d	\$35,863	\$ _____	\$ _____
2. Self-employed Social Security payment allowance, \$ 3,567 which is 7.65% of " <u>wage base.</u> " Wage base includes the base salary (1.above) <u>plus</u> , the fair rental value of the parsonage and utilities (or 30% of base salary = \$10,759 in example)	\$ 3,567	\$ _____	\$ _____
Total Base Salary plus SS Allowance	\$39,430	\$ _____	\$ _____
3. When a parsonage is provided:			
a. Utilities allowance (estimate), paid directly to utility *If paid to pastor instead of utility include in base pay and add to Amount that in included in SS reimbursement 2 above.	\$ 6,000	\$ _____ *	\$ _____ *
b. Furnishings allowance (from base) (optional deduction from base salary, included in 1.a. above, set aside for tax purposes and noted here. See page 19, C) For an example of council motion that needs to be made see page 17 e.	\$ (6,000)	\$ _____	\$ _____
4. a. Salary paid Directly to Pastor	\$33,430	\$ _____	\$ _____
b. Add Utilities & Furnishings allowance	12,000	\$ _____	\$ _____
5 Total Defined Compensation (enter on page 9 line 5)	\$45,430	\$ _____	\$ _____
6. Housing equity allowance. See pages 17.	\$ 1,500	\$ _____	\$ _____
7. a. Pastors Compensation for church budget	\$46,930	\$ _____	\$ _____
b. Pension & Benefits from page 9 Line 8	\$27,399	\$ _____	\$ _____
8 Salary Package Before Reimbursable Expenses	\$74,329	\$ _____	\$ _____

B. REIMBURSABLE EXPENSES

The congregation will provide for the following expenses related to this pastor's ministry:

	Sample	Our Congregation	
		This Year	Proposed
1. Automobile and travel reimbursement paid at IRS allowable rate for all appropriate ministry-related miles	\$ _____	\$ _____	\$ _____
2. Expenses for official meetings of the synod (Synod Assembly, Spring Pastors' Conference, Fall Theological Conference)	\$ 500	\$ _____	\$ _____
3. Other professional expenses	\$ 300	\$ _____	\$ _____
4. Continuing education	\$ 700	\$ _____	\$ _____
5. Other (_____)	\$ _____	\$ _____	\$ _____

C. AGREEMENTS

1. Vacation time of five weeks per year, including 5 Sundays. (see Page 22, Item B.)
2. Continuing education time of 2 weeks per year (one additional week per year may be accumulated up to five years for a five week sabbatical.)
3. Up to two months of continued salary, housing, and contributions to the ELCA Pension and Other Benefits Program in a 12-month period in the event that the pastor is physically or mentally disabled; and
4. Where applicable, parental leave up to six weeks with full salary, housing, and benefits.

D. PENSION AND OTHER BENEFITS WHERE A PARSONAGE IS PROVIDED

See the ELCA Portico Benefit Services website: www.elcabop.org for calculator links and other information. The congregation will sponsor the pastor in the Pension and Other Benefits Program of the ELCA which provides retirement, disability, survivor, and medical-dental coverage. (Sponsorship will include medical-dental coverage for the pastor’s spouse and children unless they have other employer-provided group medical coverage and the pastor consents to waiving medical-dental coverage for them under the ELCA Pension and Other Benefits Program.) For questions, call ELCA Portico Benefit Services at 800-352-2876.

(Example is pastor IN A PARSONAGE with 5 years experience, married with children at 10% pension.)

Our Congregation	<u>Example</u>	<u>This year</u>	<u>Proposed</u>
1. ELCA Pension (see *Pension Plan, pg. 12) at	10.0 %	_____ %	_____ %
2. ELCA Medical-Dental Ins. (check one):			
<u> </u> a. Member only	<u>(12.80 %)</u>		
<u> </u> b. Member and spouse	<u>(22.50 %)</u>		
<u> </u> c. Member and children	<u>(22.50 %)</u>		
<u> </u> d. Member, spouse, children	<u>(32.10 %)</u>	32.10 %	_____ %
<u> </u> e. Waived coverage (charge eliminated in 2005)	(0%)		
3. Disability, Survivor, Admin. & Retiree Support	2.30 %	2.30 %	2.30 %
4. Total % (Add D.1., D.2. checked, and D.3.)	<u>44.40 %</u>	_____ %	_____ %

See Section VII, p. 19.

Figuring the Portico Benefit Services Payment

5. Total Compensation from page 8 Line A5	\$45,430	\$ _____	\$ _____
x 30 % (parsonage and utilities)	\$13,629		
Total Defined Compensation for Portico	\$59,059	\$ _____	\$ _____
6. Multiply Defined Compensation by total % from D.4. worksheet above.	x 44.4% \$26,222	x _____ %	\$ _____
7.. Other insurance or benefits:			
Medical reimbursement by congregation	\$1,000	\$ _____	\$ _____
8. Total for Pension, Medical/Dental, Other Benefits	\$27,399	\$ _____	\$ _____

Enter on page 8 line 7b

COMPENSATION WORKSHEET WHERE A HOUSING ALLOWANCE IS PROVIDED
Computing Compensation, Benefits, & Expenses
Related to the Support of a Pastor

(Example is pastor, with 5years experience, married with children at 10% pension.)

A. COMPENSATION

	<u>Example</u>	<u>Our Congregation</u>	
		This year	Proposed
The congregation will provide the following annual compensation:			
1. a. <u>Base salary</u> - See page 7.	\$35,863	\$ _____	\$ _____
1. b. Cash housing allowance, if a parsonage is not provided. (Note this should reflect your community, see page 17 items 3 b, c,& d)	\$17,000	\$ _____	\$ _____
2. Self-employed Social Security payment allowance, which is 7.65% of " <u>wage base.</u> " Wage base includes the base salary (1.a.above) <u>plus</u> , cash housing allowance (1.b. above). See paragraph 6 on page 16.	\$ 4,044	\$ _____	\$ _____
3. Total Defined Compensation (enter on page 11 line 5)	\$56,907	\$ _____	\$ _____
4 Total for Pension, Medical/Dental, Other Benefits (from page 11 line 7	\$26,437	\$ _____	\$ _____
5 Salary Package Before Reimbursable Expenses	\$83,344	\$ _____	\$ _____

B. REIMBURSABLE EXPENSES

The congregation will provide for the following expenses related to this pastor's ministry:

	<u>Sample</u>	<u>Our Congregation</u>	
		This Year	Proposed
1. Automobile and travel reimbursement paid at IRS allowable rate for all appropriate ministry-related miles	\$ _____	\$ _____	\$ _____
2. Expenses for official meetings of the synod (Synod Assembly, Spring Pastors' Conference, Fall Theological Conference)	\$ 500	\$ _____	\$ _____
3. Other professional expenses	\$ 300	\$ _____	\$ _____
4. Continuing education	\$ 700	\$ _____	\$ _____
5. Other (_____)	\$ _____	\$ _____	\$ _____

C. AGREEMENTS

- Vacation time of five weeks per year, including 5 Sundays. (see Page 22, Item B.)
- Continuing education time of 2 weeks per year (one additional week per year may be accumulated up to five years for a five week sabbatical.)
- Up to two months of continued salary, housing, and contributions to the ELCA Pension and Other Benefits Program in a 12-month period in the event that the pastor is physically or mentally disabled; and
- Where applicable, parental leave up to six weeks with full salary, housing, and benefits.

D. PENSION AND OTHER BENEFITS WHERE A HOUSING ALLOWANCE IS PROVIDED

See the ELCA Portico Benefit Services website: www.elcabop.org for calculator links and other information. The congregation will sponsor the pastor in the Pension and Other Benefits Program of the ELCA which provides retirement, disability, survivor, and medical-dental coverage. (Sponsorship will include medical-dental coverage for the pastor’s spouse and children unless they have other employer-provided group medical coverage and the pastor consents to waiving medical-dental coverage for them under the ELCA Pension and Other Benefits Program.) For questions, call ELCA Portico Benefit Services at 800-352-2876.

(Example is pastor IN A PARSONAGE with 5 years experience, married with children at 10% pension.)

Our Congregation	<u>Example</u>	<u>This year</u>	<u>Proposed</u>
1. ELCA Pension (see *Pension Plan, pg. 12) at	10.0 %	_____ %	_____ %
2. ELCA Medical-Dental Ins. (check one):			
___ a. Member only	<u>(12.80 %)</u>		
___ b. Member and spouse	<u>(22.50 %)</u>		
___ c. Member and children	<u>(22.50 %)</u>		
___ d. Member, spouse, children	<u>(32.10 %)</u>	_____ %	_____ %
___ e. Waived coverage (charge eliminated in 2005)	(0%)		
3. Disability, Survivor, Admin. & Retiree Support	2.30 %	2.30 %	2.30 %
4. Total % (Add D.1., D.2. checked, and D.3.)	<u>44.40 %</u>	_____ %	_____ %

See Section VII, p. 19.

Figuring the Portico Benefit Services Payment

5. Total Defined Compensation from page 10 Line A5	\$56,907	\$ _____	\$ _____
6. Multiply Defined Compensation by total % from D.4. worksheet above.	x 44.4% \$25,267	x _____ %	\$ _____
7 Other insurance or benefits:			
Medical reimbursement by congregation	\$1,000	\$ _____	\$ _____
7. Total for Pension, Medical/Dental, Other Benefits enter on page 10 line 4	\$26,437	\$ _____	\$ _____

2013 monthly contribution rates (pension/benefits)

10 % Pension*	Medical/Dental	Other**	Total %
Member only	12.80	2.30	25.10
Member & Spouse	22.50	2.30	34.80
Member & Child(ren)	22.50	2.30	34.80
Member/Spouse/Child(ren)	32.10	2.30	44.40
Waiver charge eliminated in 2005	0	2.30	12.30

11 % Pension*	Medical/Dental	Other**	Total %
Member only	12.80	2.30	26.10
Member & Spouse	22.50	2.30	35.80
Member & Child(ren)	22.50	2.30	35.80
Member/Spouse/Child(ren)	32.10	2.30	45.40
Waiver charge eliminated in 2005	0	2.30	13.30

12 % Pension*	Medical/Dental	Other**	Total %
Member only	12.80	2.30	27.10
Member & Spouse	22.50	2.30	36.80
Member & Child(ren)	22.50	2.30	36.80
Member/Spouse/Child(ren)	32.10	2.30	46.40
Waiver charge eliminated in 2005	0	2.30	14.30

* Pension Plan

If you participated in the pension plan continuously from Dec. 31, 1987 to the present, the following percentages apply:

<u>Age on December 31, 1987</u>	
55 or older	12%
45-54	11%
All other members	10%

2013 Minimums/Maximum Monthly Contribution Rates

<i>Medical and Dental Benefits</i>	<i>Minimum</i>	<i>Maximum</i>
Member only	\$ 529	\$ 715
Member and spouse	925	1,251
Member and children	925	1,251
Member, spouse and children	1,322	1,787

**Other Benefits

Disability Benefit	0.80 %
Survivor Benefit (contribution reinstated in 2011)	0.80 %
Retiree Support	0.70 %
Total	2.30 %

2013 monthly coverage continuation rates (health plan)

Type of coverage	ELCA primary coverage	Medicare primary coverage
<i>On leave from call, spouses, surviving spouses, retirees</i>	Under age 60: \$622 per person; Ages 60-64: \$800 per person	Age 65 and above: \$291 per person
<i>All Children of on leave, deceased, divorced or retired member or those who have extended coverage after loss of eligibility</i>	\$436	\$291 if all children in family are Medicare primary
<i>Plus \$6 per month for lump-sum survivor benefits coverage for clergy and rostered laypersons on leave from call.</i>		

IV. PART-TIME, TEMPORARY, AND SUPPLY MINISTRIES

- A. Part-time staff will have consideration for salary and fringe benefits corresponding to the duties, amount, and length of time of service. (See worksheets page 14-15.)
- B. Interim clergy and lay ministers serving a congregation between permanent pastorates should be compensated as agreed upon by the individual and all church councils involved, taking into account the following:
 1. The parish activities to be assumed during the interim.
 2. The time needed to give leadership, including time of preparation.
 3. The remuneration given the past pastor and promised the future pastor.
 4. Mileage traveled to serve the parish.
 5. The fringe benefits to be included in compensation, such as parsonage and pension.
- C. Supply pastors conducting worship services in substitution of a regularly called pastor should receive \$175 for one service and \$75 for additional services at the same location (if conducted in the same parish and not requiring a new preparation). A supply pastor should receive \$75 for the second service if in another location. Travel expense should be compensated at the IRS rate. Teaching of confirmation classes should be reimbursed by \$75 per preparation plus travel expenses.
- D. Supply pastors who perform weddings or funerals for a congregation should be reimbursed at the same rate as "C" above, plus mileage.

**COMPENSATION RECOMMENDATIONS FOR
INTERIM OR PART-TIME MINISTRIES WHERE A PARSONAGE IS PROVIDED**

To prepare this worksheet, see the base pay information on pages 6-7 and do the appropriate worksheet on page 8

Compensation Category	Full Time (100%) Sunday + 4 ½ Days	2/3 Time Sunday + 3 days	1/2 Time Sunday + 2 ¼ days	1/3 Time Sunday +1 ½ days	Example 5 years ½ Time	What we are asking of & offering our Pastor
1. Base Salary enter #s from p 8					\$17,932 + (5,380 - 30%)	
2. Social Security Allowance 7.65%					\$ 1,783	
3 a Utilities @ 100 % ^a	100 %	100 %	100 %	100 %	100 % \$ 6,000	100 %
3 b Furnishings Allowance ^b	voluntary deduction from base)				(\$3,000)	
3 c Housing Equity allowance	\$1,500 See page 18	\$1,000 This is not	\$ 750 Paid directly	\$ 500 To Pastor	\$ 1,000	
Total Salary & reimbursements					\$19,715 - (\$-3,000)	
Reimbursable Professional Expenses						
1. Travel Reimbursement		At IRS allowable rate or ministry related miles				
2 Expenses for Official meetings ^c	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	
3. Professional expenses/Books ^f	\$ 300	\$ 200	\$ 150	\$ 100	\$ 150	
4. Continuing Education	\$ 700	\$ 466	\$ 350	\$ 233	\$ 466	
Pension & Benefits						
Pension (Add Total Salary+ SS Allowance + Utility estimate + furnishings allowance (25715) + 30% for parsonage = compensation (7715)= \$33430 Compensation x 10% =Pension					\$ 3,343	
Disability Survivor Benefit & Retiree Support 2.30%					\$ 769	
Medical Minimum Monthly contribution see page 12 (multiply by 12 months)					\$15,252	
Medical flexible spending account	\$1,000 ^d	\$ 667 ^d	\$ 500 ^d	\$ 333 ^d	\$ 500	
Total to Portico ^e					\$19,864	
Total Cost to Congregation	Salary, Portico + Plus the Reimbursable Professional Expenses utilities household furnishings and housing equity				\$40,695	

^a Utilities should be at 100% since the Pastor is living in your house. We encourage Pastor and Parsonage committee to make the house as energy efficient as possible. ^b Furnishings allowance - this is an optional deduction from the base pay in 1 above, set aside for tax purposes. See the implementing resolution on page 17 e. and page 19 item c ^c Expenses for official synod meetings (Synod Assembly, Spring Pastors' Conference, Fall Theological Conference) ^f Professional expenses (see page 20) ^d A voluntary deduction from base salary may be added to this amount. ^e Contact the ELCA Portico Benefit Services for Accurate calculations at 800-352-2876. See the ELCA Portico Benefit Services website: www.elcabop.org for calculator links and other information.

**COMPENSATION RECOMMENDATIONS FOR
INTERIM OR PART-TIME MINISTRIES WHERE A HOUSING ALLOWANCE IS PROVIDED**

To prepare this worksheet, see the base pay information on pages 6-7 and do the appropriate worksheet on page 9.

Compensation Category	Full Time (100%) Sunday + 4 ½ Days)	2/3 Time Sunday + 3 days	1/2 Time Sunday + 2 ¼ days	1/3 Time Sunday + 1 ½ days	Example 5 years ½ Time	What we are asking of & offering our Pastor
1a. Base Salary enter #s from p 9					\$17,932	
1b. Housing Allowance					\$ 8,500	
2. Social Security allowance					\$ 1,982	
Total defined Compensation					\$28,414	
Reimbursable Expenses						
1. Travel Reimbursement		At IRS allowable rate or ministry related miles				
2 Expenses for Official Meetings ^c	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	
3. Professional expenses/Books ^f	\$ 300	\$ 200	\$ 150	\$ 100	\$ 150	
4. Continuing Education	\$ 700	\$ 466	\$ 350	\$ 233	\$ 700 (they wanted to do better that ½	
Pension & Benefits						
Pension	10%	10%	10%	10%	\$ 2,841	
Disability Survivor Benefit & Retiree Support 2.30%					\$ 654	
Medical Minimum Monthly contribution					\$15,252	
Medical flexible spending account ^d	\$1,000 ^d	\$ 667 ^d	\$ 500 ^d	\$ 333 ^d	\$ 500	
Total to Portico ^e					\$19,247	
Total Cost to Congregation	Plus the Reimbursable Professional Expenses				\$49,011	

^c Expenses for official synod meetings (Synod Assembly, Spring Pastors' Conference, Fall Theological Conference)

^f Professional expenses (see page 20)

^d A voluntary deduction from base salary may be added to this amount

^e Contact the ELCA Portico Benefit Services for Accurate calculations at 800-352-2876. See the ELCA Portico Benefit Services website: www.elcabop.org for calculator links and other information.

V. SOCIAL SECURITY, WORKERS' COMP., TAXES

Since the IRS recognizes clergy as self-employed for Social Security purposes, clergy must pay their own Social Security Tax at the rate of 15.30%. We strongly recommend that the congregation reimburse pastors for what normally would be the employer's share of the tax; namely 7.65% of earnings below the Social Security wage base. The combined employer/employee tax rate is 15.30%. The Social Security wage base is adjusted each year for inflation, and the congregation should be aware of the current wage base. For taxable earnings above the Social Security wage base, there is no tax consequence. For more information on employment taxes, Publication 15 (Circular E), Employer's Tax Guide can be found at www.irs.gov.

The wage base includes base salary plus, if a parsonage is provided, the fair rental value of the parsonage and utilities, or if a parsonage is not provided, the cash housing allowance.

For income tax purposes, clergy are considered to be employees who pay their own Social Security tax. Therefore, when a church is paying a Social Security offset, the congregation should not send the payment to the IRS. The payment should be paid to the pastor quarterly, or as part of regular payroll, so that the pastor can include it in his/her required quarterly Social Security payment. This parish Social Security offset is considered income for the pastor and needs to be included on the W-2.

We strongly recommend that pastors participate in Social Security. Those considering electing out of Social Security should consider the cost of providing comparable retirement benefits, including disability benefits.

Congregations and pastors are facing increasingly complex IRS and state tax regulations. Pastors and congregations are encouraged to obtain expert and up to date tax advice for guidance in tax reporting.

Congregations are required to pay Social Security taxes for all lay employees, and to file federal tax W-2 forms for both clergy and lay employees. A pastor should receive a W-2 from the church, not a Form 1099. Box 1 of the W-2 should include the base salary, Social Security allowance paid to the pastor, and non-accountable reimbursement for auto or professional expenses. (See page 24.) The housing allowance is not included in box 1, but can be noted in box 14.

Congregations must officially approve in advance allowances for housing, furnishings and utilities in order for these to be excluded from income for IRS reporting.

All congregations should seriously consider Workers' Compensation coverage, since definite liability accrues to the congregation in case of accidental death or disability in conjunction with one's employment. When not covered, such claims against a congregation can be devastating.

VI. HOUSING AND UTILITIES

A. Parsonage or Housing Allowance:

1. An adequate parsonage or housing allowance should be furnished for the clergy. Congregations located in areas where real estate moves rapidly should give serious consideration to granting their pastor(s) the option of owning or renting their own home. (The IRS requires that the amount of the pastor's compensation which is to be used as housing allowance be designated by the congregation/parish in advance.)
2. When a parsonage is provided, work through the "Guidelines for the Provision and Use of Parsonages" (see pages 25-27) with your pastor and establish a covenant for parsonage use.
 - a) Utility bills should be paid directly by the congregation. If paid to the pastor, that amount must also be included in computing contributions to pensions.
 - b) Arrange for a regular program for upkeep and maintenance of parsonage property. Establish a line item or designated account for parsonage maintenance.
 - c) Major appliances should be provided by the congregation.
3. When a housing allowance is provided instead of a parsonage:
 - a) Synod salary guidelines assume a parsonage is provided. When providing a housing allowance instead of a parsonage the amount of the allowance should be added to the Synod salary guidelines as a starting point for negotiating a salary package.
 - b) The dollar amount of the allowance will be negotiated based upon fair rental value of appropriate housing in your community + utilities. An example might be \$12,000 fair rental value of an appropriate home + \$5,000 for utilities & expenses (gas, electric, phone, insurance, etc...) = \$17,000. Fair rental values can vary from community to community but are often determined from a formula using the monthly payment on a 30-year mortgage of the current value of an appropriate home plus utilities and expenses.
 - c) The common sense question to ask is "how much will it cost to purchase a home of comparable value to one that the congregation would provide as a parsonage?" The answer to that question will be helpful in determining the appropriate housing allowance.
 - d) Under IRS rules, the congregation must designate a percentage of the total base salary (salary + housing allowance) as a "housing and utility allowance." THIS MUST BE DESIGNATED PRIOR TO THE START OF A NEW CALL AND AGAIN PRIOR TO THE BEGINNING OF EACH FISCAL YEAR. The amount of this allowance, which generally should not exceed the actual expenses paid by the pastor for mortgage payments, utilities, upkeep and repairs, taxes, insurance, and furnishings, may be excluded from the pastor's taxable income. The pastor will however be required to pay the Social Security Tax (15.3%) on all salary including that amount designated as housing allowance. (see item i, next page, on housing allowance for a clergy couple)
 - e) Suggested wording for the local church and it's minutes when designating a portion of salary for housing would be:

Upon motion duly made and seconded, it was voted to designate \$_____ of the total cash salary for _____ (year) to be paid to Rev. _____ as a housing/furnishing allowance in response to pastor's request and acknowledgement that the allowance so designated will not exceed actual expenses for their home including mortgage payments, utilities, upkeep and repairs, taxes, insurance and furnishings. Therefore, cash salary shall be \$_____ and housing allowance shall be \$_____.

_____ (Council Officer), _____ (date)

A congregation or ministry agency can amend its housing allowance inadequate.

However, the amended allowance will only operate prospectively (for the remaining portion of the year), not retroactively (i.e. applying it back to the beginning of the year.)

- f) The IRS strongly encourages that any salary designated as housing allowance not exceed 35% of the total of the salary + the housing allowance. If a pastor is receiving a \$35,000 salary plus a \$15,000 housing allowance, for a total base salary of \$50,000, the housing allowance percentage would be 30% ($\$50,000 / \$15,000$) and well within IRS guidelines.
- g) The 35% figure is not a guideline, it is a maximum percentage recommendation from the IRS. Each individual situation and community housing market must ultimately determine the appropriate housing allowance. PLEASE NOTE: If using this percentage as a guide, remember that the percentage is based upon the sum of base salary **plus** housing allowance and not just base salary. A formula that can help determine the maximum recommended IRS limit is to take the base salary x 50% and use this figure. For example; with a \$40,000 base salary + \$20,000 housing allowance ($40,000 \times .50$) we reach a total of \$60,000 with a \$20,000 housing allowance that is 33.333% of the total package ($60,000 / 20,000$), again well within the IRS recommended maximum percentage.
- h) Once the salary and housing allowance are negotiated to reach a total base salary, the congregation and pastor may further negotiate how to best designate the division of salary and housing allowance. For example, if a congregation is providing a \$30,000 base salary plus a \$10,000 housing allowance for a total base salary of \$40,000, the congregation and pastor may decide to redistribute these amounts for the purposes of providing an additional tax benefit to the pastor. If the listed scenario, \$10,000 is only 25% of the total base salary and well within IRS guidelines. If the pastor has housing expenses greater than \$10,000 they may choose to designate an additional amount to housing allowance and a lesser amount to salary. For a \$40,000 total base salary, a maximum of \$14,000 may be designated as housing allowance while still falling within IRS maximum guidelines. The remaining \$26,000 would then be designated as salary. Please note, in order to designate additional monies towards a housing allowance, the pastor generally should actually incur \$14,000 in expenses such as mortgage payment, insurance, taxes, upkeep and repairs. If the pastor has no mortgage payment or a minimal then an estimated fair annual rental value for the pastor's home may be determined.
- i) A cash housing allowance for a clergy couple, when more than one call is involved, should be considered for each call as having a separate housing allowance. However, the total combined allowance for a clergy couple cannot exceed the actual cost of the mortgage (or rent/lease) and utilities paid by the couple. When a parsonage is provided, the total combined allowance cannot be above the fair rental value.

B. Housing Equity Allowance:

1. The congregation should share with the pastor a modest portion of the equity being gained on the parsonage. We recommend \$125 or more a month be placed in a fund that will accumulate interest in the pastor's name. The type of fund should be determined by the church council together with the pastor from the following list of possibilities:
 - a) Savings account.
 - b) Non-elective contribution to the ELCA Optional Pension Plan administered by Portico Benefit Services.

- c) Purchase of a separate tax-sheltered annuity program.
 - d) Purchase of an endowment-type life insurance policy.
 - e) Savings Bonds purchased by the congregation and given as a gift to the professional leader.
 - f) In the case of a) and d) the amount plus interest is subject to annual income tax. In the case of b) and c) and e) the total amount, including earned income, is subject to income tax when it is withdrawn.
2. This fund is to provide for the pastor's personal housing. When the pastor leaves the congregation to move to another call, the housing equity is to be transferred, either to be continued by the new congregation, or to be used for the purchase of a house by the pastor. In addition, the fund, consisting of principal and interest, is to become immediately available to:
- a) The pastor upon retirement.
 - b) The pastor upon resignation from pastoral leadership.
 - c) The pastor upon permanent disability.
 - d) The pastor's spouse and/or family upon the pastor's death.
 - e) The pastor to provide a down payment on a house during ordained ministry.

C. Furnishing Allowance

Under IRS rules, a congregation may designate a portion of the base salary as furnishing allowance for furnishing purposes. For example, if the pastor's base salary is \$20,000 and \$2,000 of that is designated for furnishing allowance, the amount the pastor uses for furnishing the parsonage up to \$2,000 may be excluded from taxable income. See VI.3.e) on p.17 for a sample motion that could include furnishings allowance.

NOTE: In all tax matters, pastors and congregations are urged to obtain expert and up to date advice for guidance in tax reporting. The IRS considers pastors as employees and a Federal tax W-2 form must be issued.

VII. PENSION AND MEDICAL/DENTAL AND FLEX SPENDING ACCOUNTS FOR WELLNESS ACTIVITIES.

The ELCA provides a medical and dental benefits plan for its pastors and lay workers. The plan is funded through contributions collected from all employers together with earnings from funds designated for the various plans.

Retirement income will be dependent on the contribution rate, number of years of participation, investment return and compensation. Voluntary contributions can be made by both the employer and the participant in the plan to enhance retirement income. Congregations and other employers are encouraged to make such contributions.

The congregation shall budget for and participate in the ELCA Medical/Dental plan for clergy. The amount the congregation is asked to contribute is determined from the chart on page 12. Because of escalating medical costs, these percentages may change. Please refer to the Portico Benefit Services Brief Summary.

We recommend that congregations provide \$1,000 for a medical reimbursement fund to assist with the co-payments and out-of-pocket expenses. We also recommend an allowance of \$300 for a “Wellness Reimbursement Fund” to assist the pastor in continuing healthy activities. Reimbursement up to these amounts would be paid to the pastor who is responsible for providing the treasurer with the medical/dental report/wellness activities detailing the pastor’s deductible and co-payment amounts.

VIII. DISABILITY

In the event of a pastor’s disability due to accident, illness, surgery, etc., it is expected that the congregation will continue to pay the full salary, housing (or housing allowance), pension and benefit contributions for the first 60 days of disability. Then the ELCA disability plan provides for a payment of 2/3 of the defined compensation, reduced by any Social Security benefit, beginning in the third month of disability. The plan also provides for continuation of pension and benefit plan contributions for the duration of the disability. Disability benefits continue until the pastor recovers or until age 65, when retirement benefits are payable.

IX. AUTO EXPENSE REIMBURSEMENT

- A. Automobile reimbursement is a reimbursement for expenses, and not part of the pastor’s salary. It is recommended that this allowance be paid in accordance with the rules of the Internal Revenue Service.
- B. In lieu of such a reimbursement, the congregation might lease or purchase a vehicle for the pastor’s use in parish ministry. When the pastor uses the parish’s vehicle for personal use, that use is taxable. NOTE: SEE PAGE 24 FOR INFORMATION ON “MINISTER’S ACCOUNTABLE OR NON-ACCOUNTABLE REIMBURSEMENT.”

X. PROFESSIONAL EXPENSE REIMBURSEMENT

Professional expenses designated as such by the congregation and acknowledged by IRS, such as books, robes, periodicals, professional dues, entertaining and hospitality costs incurred in the performance of the duties of the pastoral office should be shared by the congregation. A minimum of \$300 should be provided annually. Consideration of internet access/Lutherlink costs can also be included here. See page 24.

XI. MOVING ALLOWANCE

The congregation should provide a moving allowance for the incoming pastor. Discounts are available for clergy through a partnership between the Evangelical Lutheran Church in America and various moving companies – see the ELCA website (www.elca.org) for information.

XII. CONTINUING EDUCATION AND VACATION

The pastor, in fulfilling a ministry to the congregation, is subject to constant call, carries heavy responsibilities daily, is separated a good deal from the family, and must regularly produce fresh resources for the spiritual growth of parishioners, and so becomes depleted. The congregation, in turn, offers supportive ministry to the pastor and opportunity for replenishment. A program of continuing education is essential for professional growth and renewal. An adequate vacation is essential for professional rest and renewal of family relationships.

A. CONTINUING EDUCATION

Short-term and long-term provisions are necessary for the pastor's professional growth and for the benefit of the congregation. Pastors and councils are encouraged to complete a continuing education covenant and mail it to the synod office.

1. Study Leave. A minimum of two weeks continuing education time should be granted each year, for professional growth (not program development). It is to be taken in addition to normal vacation time without reduction in salary, and **must be used during the year**. Additional study leave should be granted to encourage longer term study in conjunction with a sabbatical leave (see below). This additional study leave time may be accumulated up to five weeks.

The congregation should budget a minimum of \$700 to help the pastor meet the costs for continuing education. The pastor usually contributes towards his/her continuing education as well; the amount being approximately \$300. It is expected that the pastor plan his/her studies in consultation with the church council (or persons it designates), and will report annually to the congregation and the bishop on his/her participation in some form of continuing education. If a pastor does not expend the full amount of the allowance, any unexpended funds should be held in reserve for future years to support continuing education opportunities that may take more time or otherwise exceed the annual allowance. The unexpended funds should remain with the congregation if the pastor takes another call.

Note: First Call Theological Education is a structured program of theological education during the first three years of service under call. It includes four components with recommended hours: Core Program-25 hours; Electives-25 hours; Mentoring or Colleague Groups; and Structured Reading. See page 5.

2. Sabbatical. Where a pastor has served a congregation longer than 5 years, the congregation is encouraged to grant sabbatical leave to permit participation in a longer program of continuing education. The pastor should be encouraged to take a one to three months sabbatical leave for study every 5 years without reduction in salary.
 - a) In all study situations, it is important that the pastor be expected to plan a program of study and present a detailed plan to the council for approval. The nature of the sabbatical is ultimately a matter of agreement between pastor and council. The synod office is available to assist in such planning. When sabbatical leave is taken, it is expected that the pastor give a report on the sabbatical to the church council and include a report on the sabbatical in the annual report to the congregation.

b) How can we consider a sabbatical? Who would serve us during that time?

Congregations and pastors of neighboring churches might covenant together to support the program of sabbatical leaves for pastoral staff members by assisting each other during times of sabbatical leave as follows:

- Provide pulpit supply as needed and requested.
- Assist with other pastoral duties (hospital, nursing home, weddings, funerals, etc.) as needed.
- Make special expertise available to assist in program areas as requested.
- The clergy and congregations participating in this sabbatical program agree to provide such assistance without compensation.

c) Sabbatical leave is offered as an opportunity for extended continuing education and is intended to benefit both the individual and the congregation. Therefore, application for a sabbatical, including a detailed description of the plan of study to be used (where, how, why and what) should be presented to the council well in advance (3-6 months) for approval. Normally, the person commits him/herself to serve the congregation for at least one year after the sabbatical. Exceptions may be granted by the church council.

B. ANNUAL VACATION

The minimum vacation schedule without salary reduction for clergy during the first four years of service should be four work weeks, including four Sundays, per year. Beginning with the fifth year, and thereafter, it is recommended that five workweeks, including five Sundays, be given each year. Additional weeks of vacation may be given upon additional years of service. Years of service means total years in pastoral service or parish ministry not just the years served in this parish. Legal holidays are not considered vacation days.

Annual vacation time may be taken periodically during the year, at the mutual convenience of the pastor and the congregation, including during the pastor's initial year of ministry to the congregation. Since it is important that all staff persons utilize their vacation each year, accrued vacation time should not be carried over from one year to another year.

C. PERSONAL DAYS

Additionally, two personal days may be taken annually at the discretion of the pastor, in consultation with the congregation council president or executive committee.

XIII. REQUESTS FOR LEAVE OF ABSENCE

A. MEDICAL LEAVE OF ABSENCE with full pay and benefits shall be granted when adequate medical verification is provided. Pastors should submit the request, in writing to the council of the congregation or the designated representative of the church council. Medical leave of more than 60 days duration should be coordinated with the disability provisions in Section VIII based upon a physician's recommendation. Pastors returning to work from a medical leave of absence should provide a physician's written permission to return to work.

B. LEAVE OF ABSENCE FOR FAMILY CARE

Time away with compensation is expected in cases such as the birth or adoption of a child (one or both parents) or in the illness or death of a family member. A range of time frames may apply, dictated by the local situation or circumstance. We recommend 6 weeks for maternity leave (birth or adoption), and we recommend 2 weeks for paternity leave.

C. LEAVE FOR TRANSITION TIME

A pastor moving from one call to another may be permitted a transition period of one week (including a Sunday) of paid leave time, paid by the calling congregation, during which no official duties would be expected by the calling congregation, local conditions permitting.

D. LEAVE WITHOUT PAY may be requested for up to six months upon written application at least three months in advance of the time the leave is to begin. Exceptions may be considered by the church council.

XIV. WORK WEEK

Five days should be the normal maximum workweek for clergy. The regular discipline of appropriate time off in a week is important to the ongoing energy and wellness of the pastor for ministry.

XV. HOLIDAYS

The following days are paid holidays. Where the clergy’s services are required on recognized holidays, time off with pay may be taken at another time causing minimum disruption to the congregation.

- | | |
|----------------|-----------------------------|
| New Year’s Day | Martin Luther King, Jr. Day |
| Memorial Day | Fourth of July |
| Labor Day | Thanksgiving Day |
| Christmas Day | |

MINISTER'S REIMBURSEMENT - ACCOUNTABLE OR NON-ACCOUNTABLE

If a pastor is paid a set amount each month towards the professional allowance or the car allowance, this amount also is taxed and must appear on Box 1 of the W-2. This is called a "nonaccountable plan." The pastor can only take a deduction for these expenses as a miscellaneous itemized deduction on the tax return, limited to the amount above 2% of adjusted gross income. Because the pastor is considered an employee, the congregation is responsible for the pastor's expenses, such as professional allowance and mileage. Therefore, all pastors need to be using an "accountable plan" for expenses. Reimbursed amounts are not considered taxable income only if the pastor has an "accountable plan."

It is extremely important that churches structure their reimbursement plans to be accountable. An "accountable plan" has a line item amount in the budget. Each month the pastor submits verification of what was spent during the month (receipts and log of mileage driven). It is strongly recommended that the treasurer then submits a separate check to cover reimbursements.

IRS guidelines for an "accountable plan" include:

1. The church is required to have a written reimbursement plan that must be recorded in the council minutes. (See below.)
2. The church is required to identify reimbursements either by making separate payment or by specifying the amount of both wages and reimbursement if they are combined in a single payment.
3. The pastor must adequately account to the church for the expenses he/she wishes to have reimbursed. The pastor needs to keep a daily expense book, receipts, canceled checks, and credit card slips as well as an auto mileage log.
4. If a pastor receives an advance of expenses, (e.g. if a pastor is going to a conference or school) the pastor must save receipts and return any excess reimbursement over the expenses for which he/she did not adequately account.
5. A church person other than the pastor needs to examine the substantiating records, which should be kept at least four years by the church.

A written accountable professional expense reimbursement plan might read as follows: "The parish recognizes the pastor will incur expenses for which the congregation is responsible. Such professional expenses include, but are not limited to the following...

1. Purchases of books, magazines and tapes up to a designated amount.
2. Entertainment of visiting church leaders.
3. Hosting and entertaining local church members and groups.
4. Dues to clergy associations and other professional organizations.
5. Professional clothing (robes, stoles, collars, etc.), including dry cleaning.
6. Office supplies, postage.
7. Auto - If a pastor and congregation wishes, the auto and professional reimbursement can be combined under one line item which includes mileage reimbursement at IRS recommended rate and professional reimbursement as listed in 1-6 above.

...We name the following person from the congregation who will substantiate the records."

It is recommended that this person not be the treasurer but perhaps someone from the executive board or management committee.

GUIDELINES FOR THE PROVISION AND USE OF PARSONAGES

In order to enhance the ministry of the Gospel among us, the congregation and the pastor covenant to work with the following guidelines, which are established to provide a common understanding of expectations for both the congregation and the pastor.

Congregational Responsibilities

1. When selecting a parsonage, consideration should be given as to its size and style, so it will serve a variety of ages and sizes of pastoral families.
2. The parsonage's primary purpose is to provide housing for the pastor and the pastor's family, and not to provide additional meeting space for the congregation.
3. Where a parish office must, of necessity, be within the parsonage, means should be taken to provide adequate privacy for both the parishioners and the pastor's family.
4. It is the congregation's responsibility to provide the parsonage with major appliances.
5. It is the congregation's responsibility to provide and maintain in working order a hot water heater and a furnace or other means of heating the parsonage, and if deemed necessary by water conditions, also a water softener.

Pastor's Responsibilities

1. Any damage done to the parsonage or property, including damage done by pets, that is not considered normal wear, should be repaired by the pastor.
2. The pastor shall act as caretaker of the parsonage.
 - a. Make sure the parsonage is properly heated to prevent damage.
 - b. Make minor repairs (i.e. leaky faucets).
 - c. Provide for normal housekeeping and cleaning.
 - d. Provide for maintaining the lawn and grounds in a neat and orderly manner.
 - e. Clear sidewalks and driveway of snow and maintain the lawn and grounds equipment in good working order.
3. The pastor shall report needed repairs promptly to the parsonage committee.
4. The pastor shall make arrangements to invite the parsonage committee in to inspect the parsonage at least once per year.
5. The pastor shall make reasonable arrangements to allow the congregation to make needed repairs and do required maintenance.

Congregation

6. It is the congregation's responsibility to provide for normal maintenance and repair, so that the parsonage is free from hazards to the health of the pastor's family.
 - a. The electrical, water and sewer systems should be adequate.
 - b. The windows, doors and roof should be weather-proofed against wind and water.
 - c. Measures should be taken to make sure the basement does not flood.
 - d. The parsonage should be checked for the presence of radon gas and corrective measures should be taken if the gas is present.
 - e. Smoke alarms should be installed and maintained in working condition.
 - f. Insulation should be checked for asbestos, and if present, corrective measures should be taken.
 - g. If the parsonage has lead water pipes for domestic use, those pipes should be checked for high lead concentration, and the pipes replaced if the lead concentration is higher than EPA standards.
 - h. If the services of an exterminator are required for pest control, the congregation should provide those services.
 - i. The parsonage should be in compliance with fire codes which include two (2) means of escape from each level.
7. The congregation should provide for a utilities allowance that covers the cost of heat, lights, water, sewer and garbage removal. The recommended method is for these bills to be paid directly by the congregation.
8. The parsonage should be cleaned and painted before a new pastor moves in and the carpets should be shampooed.

Pastor

6. The pastor is responsible for providing renter's insurance on his/her contents.
7. The pastor shall clean the parsonage before leaving.
 - a. The stove and oven must be left clean.
 - b. The refrigerator should be cleaned, turned off and the door left open.
 - c. Provisions should be made for the disposal of unwanted items.
8. In general, the pastor should leave the parsonage in as good or better condition than it was when he/she came.

Congregation

9. The congregation may give consideration to providing equipment and tools for the upkeep of the lawn and grounds.

10. It is the congregation's responsibility to provide fire and extended coverage insurance on the parsonage.

11. The congregation should establish a parsonage committee whose only responsibility is for the upkeep of the parsonage.

a. The committee should be provided with a line item in the church budget of at least \$500 with authority to make needed repairs. See p.17.A.2.b.

b. The committee should be required to inspect the parsonage at least once per year, with prior arrangements made with the pastor and family.

c. The committee should seek input from the pastor and family concerning the parsonage condition and needed repairs.

d. The committee should keep the congregation and church council informed of its work and the condition and needs of the parsonage.

e. The committee should establish goals and objectives for long range planning of maintenance and repairs.

f. When inspecting the parsonage, committee members should ask themselves, "Would I be willing to live here?"

INCOME TAX INFORMATON FOR MEMBERS OF THE CLERGY

- Preparing an income tax return for a member of the clergy is difficult for many preparers as there are unique laws that apply. A minister qualifies for the housing allowance, which is nontaxable for income tax yet taxable for social security purposes. In addition, ministry related expenses are only partially deductible for income tax purposes, yet fully deductible for social security purposes.
- Gear Up has a separate clergy manual that goes into much more detail on all issues dealing with a minister's tax return.

I. DEFINITION OF "MINISTER"

- This is a critical test, as only a "minister" qualifies for the housing allowance and may elect not to be covered by social security.

A. Five tests are used to determine whether or not the taxpayer qualifies as a minister for tax purposes. (Knight vs. Comm., 92 T.C. 199 (1989))

1. Is the taxpayer licensed, commissioned or ordained?
2. Does the taxpayer administer the sacraments?
3. Does the taxpayer conduct worship services?
4. Is the taxpayer considered a religious leader by the church or denomination?
5. Are services performed in the control, conduct, or maintenance of a religious organization?

II. HOUSING OR PARSONAGE ALLOWANCE (IRC 107)

A. Definition

1. Money used to provide principal residence, or fair rental value of home provided (including furnishings).
2. Allowable expenditures include:
 - a) Rent or house payment
 - b) Utilities
 - c) Repairs and maintenance
 - d) Furnishings

B. Limitation, the lessor of (IRS Rev. Rul. 71-280)

1. Actual money spent during calendar year, or
2. Fair rental value of home, including furnishings, or
3. Actual income earned as a member of the clergy, or
4. Amount approved by church
 - The church council or board must approve the estimated housing allowance before the money is actually spent. This is usually done in December.

Recommendations: Have the church include wording similar to, “and this estimated housing allowance will remain in effect each year unless and until it is amended” in its minutes. As an alternative, the church could adopt a resolution that states “50% of all minister’s salary shall be designated as a housing allowance unless otherwise designated. This applies regardless of when the minister is hired.”

C. Parsonage allowance is not subject to income tax.

1. Estimated amount is not included in wages on Form W-2 or in compensation on Form 1099.
2. Any “excess housing allowance” (the excess of the estimated amount over the actual amount spent) is added back to income.
 - a) Employees include the excess on Form 1040, page 1, miscellaneous income.
 - b) Self-employed, include the excess as other income on Schedule C.
3. Parsonage allowance is subject to self-employment tax.
 - a) Employees add it to wages (and subtract employee business expenses) on Schedule SE.
 - b) Self-employed add it to net profit from Schedule C on Schedule SE.

III. WHERE TO GO FOR MORE INFORMATION

- IRS Pubs 15A (Employees or Independent Contractor), 517 (Clergy), 571 (TSA) and 1828 (Guide for Churches).
- **Gear Up Manual on Clergy Taxation.**

**SALARY SURVEY
ORDAINED MINISTERS SERVING IN CONGREGATIONS
As Of June 1, 2010**

	NUMBER OF SYNOD PASTORS	AVERAGE SALARY*	MEDIAN SALARY*
Region 1			
Alaska	23	\$57,670	\$61,894
Northwest Washington	120	\$63,180	\$65,437
Southwestern Washington	100	\$58,472	\$55,866
Eastern Washington-Idaho	87	\$50,236	\$50,165
Oregon	118	\$54,985	\$54,766
Montana	104	\$48,497	\$47,666
Region 2			
Sierra Pacific	177	\$60,873	\$59,700
Southwest California	114	\$63,246	\$62,954
Pacifica	127	\$70,675	\$70,471
Grand Canyon	119	\$67,349	\$65,913
Rocky Mountain	154	\$59,267	\$60,182
Region 3			
Western North Dakota	84	\$46,497	\$46,253
Eastern North Dakota	122	\$49,083	\$48,113
South Dakota	176	\$52,517	\$52,342
Northwestern Minnesota	166	\$48,415	\$47,782
Northeastern Minnesota	127	\$49,460	\$49,090
Southwestern Minnesota	216	\$53,762	\$54,640
Minneapolis Area	245	\$66,129	\$63,770
Saint Paul Area	165	\$63,185	\$61,812
Southeastern Minnesota	180	\$52,034	\$51,513
Region 4			
Nebraska	188	\$52,807	\$50,667
Central States	132	\$51,742	\$49,916
Arkansas-Oklahoma	38	\$47,789	\$52,105
Northern Texas/Louisiana	86	\$57,264	\$59,213
Southwestern Texas	132	\$54,550	\$54,846
Texas-Louisiana Gulf Coast	94	\$58,936	\$58,833
Region 5			
Metropolitan Chicago	202	\$61,196	\$59,512
Northern Illinois	142	\$57,953	\$58,222
Central/Southern Illinois	111	\$54,333	\$53,040
Southeastern Iowa	149	\$55,796	\$55,563
Western Iowa	109	\$51,455	\$52,759
Northeastern Iowa	141	\$55,032	\$54,847
Northern Great Lakes	61	\$49,748	\$47,268
Northwest Synod of Wisconsin	159	\$52,700	\$53,403
East-Central Synod of Wisconsin	138	\$55,334	\$55,427
Greater Milwaukee	151	\$57,851	\$55,677
South-Central Synod of Wisconsin	154	\$54,274	\$57,763
La Crosse Area	62	\$62,789	\$53,509

	NUMBER OF SYNOD PASTORS	AVERAGE SALARY*	MEDIAN SALARY*
Region 6			
Southeast Michigan	108	\$62,789	\$62,827
North/West Lower Michigan	105	\$55,914	\$53,035
Indiana-Kentucky	166	\$54,695	\$53,702
Northwestern Ohio	162	\$55,791	\$57,507
Northeastern Ohio	148	\$54,030	\$55,284
Southern Ohio	178	\$60,986	\$60,794

Region 7			
New Jersey	151	\$60,263	\$61,750
New England	171	\$57,553	\$54,516
Metropolitan New York	143	\$59,571	\$57,109
Upstate New York	134	\$48,815	\$49,827
Northeastern Pennsylvania	200	\$53,175	\$52,244
Southeastern Pennsylvania	157	\$57,471	\$55,877
Slovak Zion	15	\$49,197	\$50,055

Region 8			
Northwestern Pennsylvania	46	\$43,914	\$44,117
Southwestern Pennsylvania	129	\$51,125	\$49,766
Allegheny	61	\$47,800	\$46,871
Lower Susquehanna	201	\$54,371	\$55,257
Upper Susquehanna	64	\$48,306	\$48,195
Delaware-Maryland	160	\$57,031	\$56,920
Metropolitan Washington DC	83	\$70,752	\$70,286
West Virginia-Western Maryland	38	\$46,930	\$46,949

Region 9			
Virginia	120	\$56,645	\$55,668
North Carolina	201	\$56,394	\$55,978
South Carolina	128	\$58,515	\$57,615
Southeastern	132	\$62,776	\$60,475
Florida/Bahamas	180	\$60,678	\$59,367
Caribbean	19	\$26,328	\$25,260

Total Clergy	8,373		
Average Salary		\$55,246	
Median Salary			\$55,257

Previous Totals			
2008	8,403	\$54,795	\$54,064
2007	8,249	\$54,652	\$53,555
2006	8,394	\$53,350	\$52,188
2005	8,531	\$52,024	\$50,933
2004	8,665	\$50,638	\$49,788
2003	8,759	\$49,436	\$48,595
2002	8,753	\$48,162	\$47,242
2001	8,802	\$46,519	\$45,175
2000	8,921	\$44,910	\$44,045

* The figures include the base salary, the actual housing Allowance paid to the pastor or the value assigned to the church-owned parsonage (30% of the base salary), and any amount designated as a Social Security Allowance.

**COMPENSATION AND GUIDELINES
FOR ROSTERED LAY AND LAY STAFF
2013**

The church council or a committee assigned should review the wages and salaries of lay staff annually. It is recommended that compensation be determined according to the worker's education, experience, background, abilities and responsibilities. Compensation to similar positions in local schools and businesses should be examined to supplement these guidelines for full time and part-time lay staff. Clergy on call are generally granted full benefits including health, retirement, personal leave and educational opportunities. Lay staff should be afforded the same benefits.

We recommend utilizing the Mutual Ministry Committee concept as described in the guidelines for pastors. (page 3)

I. SALARY

A. ROSTERED LAY STAFF - Associates in Ministry, Diaconal Minister, Deaconesses

Lay roster guidelines for a Rostered Associate in Ministry, Diaconal Minister, and Deaconesses are developed by subtracting \$6,000 from the base salary for ordained clergy (according to years of experience), adding \$1,500 per year of graduate level theological education, and adding a housing allowance to come up with total salary package. The AIM, Diaconal Minister, or Deaconess would not receive the tax benefit that the ordained do, but it would create a comparable and equitable salary, and this formula would take into account the variance in cost of housing across the state. The requirement for AIM is a BA or proven equivalent with specific theological requirements. Deaconesses have a similar educational requirement. Diaconal Ministers have a MA. For professionals who have applicable graduate work, \$1,500 per academic year or supervised internship should be added to the base salary. For instance, someone from any of these rosters may have completed a one-year Masters program. Others may have a two-year MA plus a year of supervised internship. (If someone spread his or her academic work over a long period of time, the work should be based on what could be completed in a full-time academic program.)

Ordained base salary (years of experience) - \$6,000	= Lay roster base salary
Recognition of theological graduate school/internship	+ \$1,500/ year
Housing Allowance	+ fair rental value and utilities
	Total Salary

The congregation is also responsible for half of the Social Security Tax for the Rostered person. The wage base includes base salary plus, if housing is provided, the fair rental value of the housing and utilities, or if housing is not provided, the cash housing allowance.

A. Synodically Authorized Ministers

Synodically Authorized Minister guidelines are parallel to those for the above professional lay rosters of the ELCA. The work of a Synodically Authorized Minister assumes that the minister has a Bachelor's degree or the life experience equivalency.

Compensation is to be agreed upon by the individual and the congregation council(s) involved using the lay roster guidelines and taking into account the following:

- 1) We recommend a 3% increase in salary/wages for 2013 for Professional Leadership Staff and Support Staff. The guidelines are structured on educational background and years of experience.
- 2) The nature of the ministry responsibilities to be assumed by the Synodically Authorized Minister, and how much time, including preparation time, is needed for this work. Compensation should be prorated according to the amount of time estimated for the contracted work.
- 3) The benefits to be included in the compensation, such as social security, pension, medical/dental, continuing education, mileage reimbursement, and professional expenses.

A Synodically Authorized Minister who is authorized to serve a congregation and fill “substantially all” of the duties and functions of an ordained minister may for tax purposes qualify as a minister even though denominationally he or she is not ordained. This is extremely important in determining how to pay the Synodically Authorized Minister, as well as the timing of some events, such as housing allowance designations or the handling of social security. It is strongly recommended that the Synodically Authorized Minister and the congregation consult with an accountant or CPA knowledgeable about ministers’ taxes.

C. PROFESSIONAL LEADERSHIP STAFF - parish worker, youth director, parish education leader, music director, etc., with a B.A. or equivalent experience, such as Faith Builders’ Parish Assistant certification, other certification or special training for this position. For each succeeding year, add 2%. For congregations over 600 baptized members, add \$1,200 to each line. For additional advanced academic degrees, add \$1,000 to each line.

Professional Lay Staff 3 % Increase for 2013

Years of Experience	2012 Recommended	Years of Experience	2013 Recommended
0	27,207	0	28,023
1	28,303	1	29,152
2	28,838	2	29,703
3	28,845	3	29,710
4	29,402	4	30,284
	29,948		30,846

Support Staff 3 % Increase for 2013 Recommended Hourly

Years of Experience	2012 Hourly wage	Years of Experience	2013 Hourly wage
0	\$9.80	0	\$10.09
1	\$10.08	1	\$10.38
2	\$10.38	2	\$10.69
3	\$10.71	3	\$11.03
4	\$11.03	4	\$11.36

D. SUPPORT STAFF - secretary, custodian, financial secretary, etc. For each succeeding year, add 3%. These figures represent a base salary only and do not include other benefits. For congregations with over 600 baptized members, an additional 2% should be added to each line.

These figures are guidelines and should be adjusted for cost of living increases, merit increases, and also according to local wage scales for similar work. Work responsibilities, special training required or achieved, certification, and abilities should all be considerations in determining compensation. Part time employment should be pro-rated on the basis of the above figures. **IN NO CASE SHOULD THE COMPENSATION BE LOWER THAN THE FEDERAL MINIMUM WAGE.** In most communities, salaries for secretarial positions exceed that amount. If staff work in excess of 40 hours per week, they should be compensated accordingly (overtime or comp time).

II. PENSIONS AND MEDICAL/DENTAL

A lay worker is eligible only when he/she is employed 20 hours or more per week. If clergy participate in an ELCA plan, lay staff should receive the same consideration. A tax sheltered annuity/private medical plan may be offered in lieu of the ELCA plan should that be more valuable to the lay worker.

III. SICK LEAVE

Sick leave accrues one day per month accumulative to 60 working days. When a worker moves to a new parish, up to 30 accrued days of sick leave may be assumed by the calling congregation. Guidelines for medical leave of absence for lay church workers are the same as for clergy, assuming participation in pension and major medical. Parishes wishing to consider leaves of absence for family care are encouraged to refer to Section XIII under clergy guidelines.

IV. AUTO EXPENSE REIMBURSEMENT

Automobile reimbursement should be handled as reimbursement for expenses and not part of salary. It is recommended that this reimbursement be paid at the current IRS rate. Careful records, including a log of actual miles traveled for congregational ministry, including visitation, are to be kept by the staff member.

V. CONTINUING EDUCATION

Education leave should be granted each year for professional growth (not program development). It is to be provided in addition to normal vacation time without reduction in salary and must be used during the year.

The congregation should budget up to \$350, assisting the worker to meet the costs for continuing education. In order to provide professional growth and renewal for the worker, the congregation is encouraged to provide both time and funds for continuing education. It is expected that the worker plan his/her studies in consultation with the church council, or persons it designates, and will report annually to the congregation on his/her participation in some form of continuing education.

VI. VACATIONS AND HOLIDAYS

Leadership Staff: The minimum vacation schedule without salary reduction for full-time persons in leadership staff positions is that during the first four years of service there should be three work weeks, including three Sundays, given per year. Beginning with the fifth year and thereafter, four work weeks, including four Sundays, is recommended.

Support Staff: The minimum vacation schedule without salary reduction for full-time support staff is two work weeks during the first through fourth years of service in the particular parish. Beginning with the fifth year of service and thereafter, three work weeks of vacation is recommended. Beginning with the tenth year, four weeks are recommended.

All Full-time Staff: Since it is important that all staff members utilize their vacation time each year, accrued vacation time should not be carried over from one year to another year. In addition to vacation days, the following days are paid holidays for staff workers whose services are not essential on holidays. Those whose services are required on recognized holidays shall receive time off with pay at a time causing minimum disruption to the congregation.

New Year's Day	Labor Day
Martin Luther King, Jr. Day	Thanksgiving Day
Memorial Day	Christmas Day
Fourth of July	

VII. SOCIAL SECURITY

Congregations are required to pay Social Security tax for all lay employees if they earn \$100 or more in any given tax year and to file federal tax W-2 forms. Workers compensation insurance should be obtained to cover individuals employed by the congregation.

VIII. DISABILITY

Income replacement insurance is important to provide income due to accident, illness, surgery, etc.

IX. LEAVES WITHOUT PAY may be requested for up to six months upon written application at least three months in advance of the time the leave is to begin.

X. ADVOCATES FOR LAY STAFF

Congregations are encouraged to provide a mechanism to support and be advocates for lay staff. A Mutual Ministry Committee is recommended (page 3). A job description should be provided for all staff positions.

PASTORAL ETHICS: FOR PASTORS RETIRING TO A COMMUNITY WHERE THEY HAVE SERVED AS PASTOR

When a pastor accepts a call to a congregation, a sacred covenant is established between that pastor and the people of God. In order that the ministry might be strong and effective, it is important for that relationship to be strengthened and nurtured until God calls that pastor to another sector of ministry. When a pastor retires, it is often desired to remain with a community where there has been life and family investment. We offer the following observations and suggestions with the hope that it will give guidance to pastors who are considering retirement so that good decisions are made which do not negatively impact the ministry of the people of God.

1. **Whenever possible, plan your retirement so that you will not be retiring in the community and parish where you have served as pastor.**
2. If you are seriously considering remaining in the same community, please consult with the bishop before any firm decisions are made.
3. Consider retirement as “a call to the ministry of the baptized.” Retirement does not mean being uninvolved as an active church member; it means to be involved in ministry as we have encouraged members to be involved throughout our ministries. Belonging to the same congregation that you served as pastor may not allow you to function actively, sharing your many gifts and insights without creating problems for the congregation which now has a covenant with a new pastor. Therefore, if there is any other ELCA congregation within commuting distance, transfer.
4. If you decide to live where you have served as a pastor, recognize that you may become the focus of difficulty in that setting. Prepare the congregation well by declaring your new relationship to members of the congregation. Visit in depth with the new pastor who has been called to the parish so the pastor can be assured that your presence will not be a hindrance and you will do everything possible to be of support and help. Ongoing communication with the pastor is absolutely essential. “Do to others as you would want them to do to you” is the guiding principle.
5. It is your responsibility as a former pastor **to decline invitations to conduct pastoral acts in any former parish.** It is important that you say “no” rather than, “I’ll come if the current pastor says okay.”
6. While the above statements are addressed to pastors, **spouses of pastors** must consider the same factors, and also respect the above recommendations. Spouses share a pastoral identity and, as a result, can become hindrances as easily as a pastor can.
7. It is your responsibility as a former pastor to be supportive of your successor, even when that is difficult to do. If it is not possible to be supportive of the pastor’s ministry, it is extremely important that you remove yourself from that congregation in order to not become a hindrance to its ministry.

These guidelines on pastoral ethics are shared for the sake of the church and the ongoing ministry of the congregation to enable us to act wisely in difficult circumstances.

Reviewed by the Support to Ministries Committee in 2010.

PASTORAL ETHICS

PASTORS RELATING TO PREVIOUSLY SERVED PARISHES

When a pastor accepts a call to a congregation, a sacred covenant is established between that pastor and the people of God in that place. In order that the ministry might be strong and effective, it is important for that relationship to be strengthened and nurtured until God calls that pastor to another sector of ministry. When a pastor resigns, that call, that covenant, ends. How does a pastor relate appropriately to members of congregations where one has previously served? We offer the following suggestions with the hope that it will give guidance so that good choices are made which do not negatively impact the ministry of the people of God.

1. It is your responsibility as a former pastor to decline invitations to conduct pastoral acts in any former parish. It is important that you do not pass the burden of such decisions back to the pastor who currently holds that call. As professional people, we commit ourselves to act responsibly in these matters. For the sake of the church and the ongoing ministry of the congregation, "Do to others as you would have them do to you." When we do that, our relating to members of previous parishes can be used by God to build up the body of Christ.
2. It is your responsibility as a former pastor to be support of your successor, even when that is difficult to do. The responsibility for the success of the current pastor is also your responsibility. If it is not possible for you to be supportive of that pastor's ministry, it is extremely important that you cut off contact with members of that congregation in order not to become a hindrance to its ministry.
3. While the above statements are addressed to pastors, spouses of pastors must consider the same factors, and also respect the recommendations made above. Spouses share a pastoral identity and, as a result, can become hindrances as easily as a pastor can.

Reviewed by the Support to Ministries Committee in 2010.

**MOVING POLICY
SUPPORT TO MINISTRIES COMMITTEE
SOUTH DAKOTA SYNOD**

Good beginnings are important. It is advantageous that the mutual ministry between pastor and congregation “get off on the right foot.” It is urged that both congregation and pastor give thoughtful consideration to the needs of the other when undertaking a move. Because moving can be an exciting and very stressful event in a person’s life, it is important that the congregation and pastor reach a mutually satisfactory moving policy before the move actually takes place. The following guidelines are to help pastor and congregation in their moving and transportation negotiations.

The congregation shall be responsible for moving all household, professional and personal goods of the pastor and his/her family. It is recommended that professional movers be utilized. If their services are not used, the means of transporting the pastor’s goods must be mutually agreed upon ahead of time. When the services of professional movers are not used, it is strongly recommended that a separate insurance policy that will cover the transported goods be purchased by the congregation. These policies are available from most insurance agencies.

The congregation is not necessarily responsible for, but may choose to assume, the expenses of moving certain items. Items such as livestock as well as certain collections and hobbies, which would incur excessive expense, should be noted by the pastor before moving. The congregation can then decide if they would or would not incur the added expense. A mutually satisfactory moving policy that is agreed to ahead of time can help insure that the ministry of congregation and pastor will have a good beginning.

Reviewed by the Support to Ministries Committee in 2010.

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