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The Mbulu Diocese, Evangelical Lutheran Church in Tanzania
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The Southeastern Pennsylvania Synod, Evangelical Lutheran Church in America

Minimum Compensation Guidelines

The 2017 Compensation Guidelines will be posted on the synod's website which is www.semisynod.com. Distribute these guidelines to your Congregation Council, Finance Team and Mutual Ministry Committee. If you need electronic copies of the guidelines, contact Rev. Heather Holland at h.holland@semisynod.com.

The 2017 guidelines show a slight increase. Increases will continue to happen as pastors accumulate additional years of service. Merit increases are encouraged where appropriate.

In addition to new salary guidelines, there has been a good deal of new information added to this document. Please take a moment to read through it carefully.

We recognize the value of congregations providing the entire cost for the health care premium, though it should be noted that rostered leaders and their families continue to share in the cost of the program by paying significant out of pocket expenses. The following people are on the compensation task force and worked at developing these guidelines.

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These leaders have an understanding of compensation issues as well as congregational finances. They can be available to work particularly with congregations that are below guidelines. Please feel free to contact members of the synod staff for help as well.

INTRODUCTION

These Guidelines are provided to assist congregations and other Lutheran organizations to develop and maintain a financial compensation package for rostered leaders of our synod that is both fair and competitive. These guidelines represent the minimum compensation package that a congregation must offer a pastor before the Bishop will recommend a full time candidate to a congregation. It is understood that these Guidelines provide contextual guidance and that in each individual call the Office of the Bishop may need to factor in considerations specific to the individual congregation's or the individual pastor's situation. This could result in a final compensation package that looks different from these guidelines.

A congregation that finds it cannot meet the compensation amount called for in these guidelines and therefore, cannot compensate its pastor fairly and adequately, must consider alternatives such as merging with another congregation, a shared pastorate, a part-time pastorate, etc.

Cutting back a full-time pastor's hours to part-time hours invalidates the original letter of call and requires negotiating a new call. Congregations facing any of these situations must contact the Office of the Bishop for advice and assistance.

There are a number of changes in the 2017 Minimum Standards Compensation and Benefits as we have attempted to better clarify language and to address various questions that have been raised by congregations and rostered leaders in the call process in recent years.

Consideration has also been given to our awareness of the significant debt load with which new rostered leaders struggle and concern that experienced rostered leaders may at times be less attractive to congregations because, while they have more experience, they are more expensive than some congregations would like or can afford. These considerations are reflected in the Compensation Increases section and accompanying chart. The pay increments would decrease even further in the later years of ministry which, in addition to offering more call flexibility for experienced rostered leaders, would compensate for the fact that older rostered leaders will be receiving increased compensation in the form of health care benefits than they did in their younger years.

ANNUAL COMPENSATION REVIEW FOR PASTORS (2017)

This document contains a brief overview of the compensation topic, base salary adjustments for rostered leaders. As you move forward in your discussions of what types of compensation decisions you will make for your pastor in the new year, you may want to review this document. As many lay employees look forward to a review of their performance on the job and annual adjustments in salary, it is important that congregations consider an annual review of their pastor's performance and salary.

I. BASE SALARY

PURPOSE OF BASE SALARY ADJUSTMENTS

Pastors are professional leaders from the standpoint of education and function and should be compensated according to their qualifications, experience, responsibility and their job performance. They should be sufficiently independent financially to provide for their own economic needs and those of their families.

Pastors are also our spiritual leaders and may be reluctant to address compensation adjustment topics. Because of this issue, it may be helpful to request that an advocate be used in the annual review of the pastor's compensation package. Mutual Ministry Committees can be advocates for salary levels that reflect the competence and performance of the pastor.

We recommend that pastors' salaries be reviewed annually and base salary adjustments be thoughtfully considered. The following are some factors that those groups responsible for making recommendations may want to consider when determining salary adjustments for their pastor.

Where is the pastor's present salary positioned in the Base Salary Guidelines for 2017?

Performance evaluation to include: amount of duties performed during the year, scope of responsibility, any expanded ministries, meeting the objectives of the individual church, etc. Pastor and People: Making Mutual Ministry Work (available from www.augsburgfortress.org) has a chapter, *Ministry Review and Performance Evaluation*, that will be helpful.

Standard of living increases.

What are other like professional people making in the current job market?

Following are three charts; the first is the Base Salary Guidelines for 2017. This chart is used when considering the minimum that should be paid to ordained ministers when a congregation is calling a new pastor. The second chart is a blank base salary adjustment worksheet that may be used for calculating recommended adjustment costs. The third chart is an example of how a congregation may work out an adjustment based on a pastor's current 2017 salary.

Base Salary Guidelines for 2017

Years of Service	2017 Minimum
0 – 2	37,800
3 – 4	38,850
5 – 6	40,058
7 – 8	41,265
9 – 10	42,525
11 – 13	43,316
14 – 16	44,564
17 – 19	45,812
20 – 22	47,071
23 – 24	47,895
25 -28	48,749
29-31	49,567
32-34	50,385
35-37	52,224
38-40	53,042

The healthcare costs through Portico will increase about 7-10% for 2017. These increasing costs may make it difficult for congregations to maintain health coverage for their pastor and family AND offer a raise. If your congregation finds itself in that place, there are some non-financial ways to compensate and care for your pastor. Some ideas are:

1. An extra week of vacation per year.
2. An extra week of continuing education or study time.
3. A monthly study day, during which the pastor would be unavailable and would use that time to pray, read scripture, explore a topic that would benefit ministry, etc. This would NOT be a vacation day, but it would be a valuable time of renewal for the pastor.
4. Ask your pastor what would be most helpful in her/his ministry in 2017 and how the congregation can help.

BASE SALARY ADJUSTMENT WORKSHEET

Pastor's current salary			\$ _____
Standard of living adjustment (1.0%) x _____ % =			_____
Performance adjustment x _____ % =			_____
Market adjustment x _____ % =			_____
<u>Total Increase</u>			_____
<u>2017 Base Salary</u>			\$ _____

EXAMPLE OF A COMPLETED BASE SALARY ADJUSTMENT WORKSHEET

Pastor's current salary				\$ <u>40,000</u>
Standard of living adjustment	x 1.0%	=	<u>\$ 400.00</u>	
Performance adjustment	x 1.0%	=	<u>\$ 400.00</u>	
Market adjustment	x .5%	=	<u>\$ 200.00</u>	
<u>Total Increase</u>			<u>\$1,000.00</u>	
2017 Adjusted Base Salary				<u>\$41,000.00</u>

II. HOUSING ALLOWANCE

A. Housing and Utilities Allowance for Pastors Who Own Their Own Homes

This is for pastors who own their own house. A fair approach to determining the housing and utilities allowance is 1% (0.01) - 1.5% (0.015) per month of the reasonable market value of a house within the general community in which the congregation resides. A realtor can help determine this figure. This allowance is to cover the mortgage, interest, taxes, utilities and maintenance of the house, the amount of which should be mutually established by congregational council action to comply with IRS regulations. We recommend a range between \$14,000 - \$25,000. It should be remembered that even though housing costs are down, many pastors purchased homes at a higher market value. Housing allowances should reflect the purchase price rather than current housing market value.

Official designation by the congregation council or employing church body of the payment of a housing allowance must be done in an annual resolution that is documented in the congregation council's minutes before payment is made. It is recommended that a housing amount be determined using average housing costs in the community. The individual pastor is ultimately responsible for any tax implications of the housing allowance. A "Housing Allowance Resolution" form is provided at the end of this document for your convenience.

B. Household Furnishings/Utilities Allowance and Housing Equity Allowance
(Parsonage)

1. For pastors in parsonages, it is appropriate for the congregation to provide a household furnishings/utilities allowance. This allowance will cover the expenses of the parsonage: utilities, maintenance, and furnishings needed to keep up the parsonage. The congregation will budget to pay the utilities (gas, electric, sewage, water, telephone, trash collection) directly. An allowance should include an amount to cover expenses to maintain the parsonage. (The pastor would be responsible for all personal long-distance calls and reimburse the congregation.)
2. Housing Equity Allowance. When congregations provide a parsonage, an equity allowance may be provided to assist the pastor in accruing an equity that is not otherwise available to her or him. This gives the pastor the financial resources to provide housing upon retirement or to have a down payment to purchase a house should the desire or need arise.

One way to establish a housing equity allowance is through the ELCA Optional Pension Plan. Information on this plan may be obtained through the ELCA Board of Pensions. A fair starting point in establishing an equity allowance is 3 - 5% of the total salary.

III.

**SOCIAL SECURITY TAX ALLOWANCE
FOR THE SELF-EMPLOYMENT
SOCIAL SECURITY TAX (SECA)**

While most clergy are considered employees for income tax and retirement plan purposes, they are considered self-employed for purposes of Social Security and Medicare taxes, which means they carry the full burden of those taxes themselves, currently 15.3% Social Security/FICA tax on the Total Defined Compensation. The congregation is to provide for ½ of this tax, or 7.65% of defined compensation.

Since most employers pay half of the total social security tax for employees, the same consideration should be given to the pastor's salary. Please note that a congregation cannot pay the pastor's social security tax directly, but designates the amount as an allowance, which is additional taxable income. Most years since 2008, the rate applied to the pastor has been 7.65% (6.2% FICA and 1.45% Medicare). The rate of 7.65% is used in these guidelines for illustration purpose. Since the rate the pastor pays may change, it is important that decisions be made using the current annual rate. For more information go to:

<https://employerlink.porticobenefits.org/Home/Resources/SocialSecurityAllowance.aspx>

Clergy who are living in employer-provided housing, such as a parsonage, are also liable for self-employment tax on the fair rental value of such housing. For clergy living in a parsonage the synod's recommended rate for Social Security/FICA Tax is 9.94% to allow for this additional taxable value of the parsonage.

If there is a difference between the housing, furnishings, auto or professional allowances and the actual expenses in those areas, Social Security Tax will also be owed on the amount that is over actual expenses. It is up to the pastor to pay this difference to Social Security.

To calculate the SECA allowance, choose the appropriate category:

- A. The SECA Allowance for pastors who own their own house is calculated by adding the total base salary and housing allowance times .0765. See the example:

Base Salary (from page 2)	\$41,650
Housing Allowance	<u>15,000</u>
	\$56,650
	<u>X.0765</u>
 SECA Allowance	 \$4,333.73

- B. Parsonage Provided.

Compensation

1.	Base salary	\$ 41,650_
2.	Self-employment social security payment allowance	\$ 4140.01
3.	Housing equivalency (add base salary and self-employment social security tax <u>then</u> multiply by .30	
	Base salary	\$ 41,650__
	Social security allowance (.0994) +	\$ 4140.01_
	Total	\$ 45,790.01_
	Multiply by	.30
3.	Housing equivalency	\$ 13,737.00__ \$ 13,737.00_
	<i>Total defined compensation (add 1, 2, 3 from above)</i>	\$ 59,527.01_

IV. PORTICO PENSION (Self-funded 403b account) AND OTHER BENEFITS PROGRAM 2017 CONTRIBUTION RATES FOR CONGREGATIONS

The Affordable Healthcare Act that was adopted by Congress took effect in 2014. Each year, the congregation and rostered leader will be required to select the level of health care coverage for the following year. This selection must happen even if the rostered leader waives the Portico coverage. Portico follows the national standards and identified the different levels of cost sharing as platinum, gold, silver and bronze. Both the employer and the insured will need to choose the same level of coverage in order to make certain that healthcare coverage continues to be provided or is provided for the first time.

This new coverage is different than the former coverage in a number of ways, but much remains the same. Differences include:

- The choice of the level of coverage (platinum, gold, silver, bronze)
- Factoring in the age of the insured
- The obligation to offer healthcare benefits to all full time employees (both ordained and lay)

What remains the same:

- ELCA guidelines for current insurance most closely match the “gold” level in the new plan
- Coverage is “portable;” that is, it travels with you from call to call and state to state without beginning from zero in the new place
- It is still possible to opt out of Portico Health Coverage, provided there is other employer sponsored healthcare available.

To determine the cost of benefits for the compensation package, please go to www.porticobenefits.org and log in as the employer. There, you will find benefit calculators by clicking on EmployerLink.

Since the “gold” level most closely matches previous years’ standard insurance, congregations are strongly encouraged to maintain this level of insurance. If you are concerned about the congregation’s ability to provide coverage at the gold level, please notify the Bishop’s office as soon as possible.

The calculator on the Portico website will figure out the entire benefit cost for a pastor or rostered lay leader. **For pastors, the required minimum pension contribution is 10% of defined compensation. For rostered lay leaders, the required minimum pension contribution is 8% of defined compensation.** Congregations may exceed these minimums, of course, if they so desire. To determine what the “defined compensation” is, add together base salary, housing allowance and SECA.

If both spouses are sponsored through Portico Benefits, both employers will be billed for the full cost of the family’s medical and dental benefit. They will then receive a corresponding sponsored couple credit depending on the level of compensation provided for both spouses. Both organizations will continue to make the contributions for retirement, disability and survivor benefits for the individual they are sponsoring. Contact Portico at 1.800.352.2876 or www.porticobenefits.org.

HEALTH COVERAGE OFFSET: In some situations a pastor is covered under the health insurance of a spouse, which makes the pastor eligible to waive the Portico medical/dental health coverage and still participate in the other Portico benefits. In these situations, at least 50% of what the Portico medical/dental costs would have been can, through conversation with the pastor and the Bishop’s office, be applied to other benefits, i.e. a medical deductible allowance, HSA/FSA/HRA, or pension. The remaining money is a savings to the congregation. Additionally, the health care costs should be reviewed annually to ascertain if the spouse’s insurance plan is still the most cost efficient.

Disability, Basic Group Life and Retiree Support

Contributions for disability benefits, basic group life, and retiree support are required by the ELCA Pension and Other Benefits Program. The retiree support contribution helps provide health coverage in retirement for members who served one of the ELCA Predecessor church bodies.

Disability	3.5%
Survivor Benefits Plan	0.3%
Retiree support and Administration	0.7%
TOTAL	4.5% (2016 rates)

Disability

The ELCA Disability Benefits Plan provides a monthly income if you become partially or totally disabled as defined by the plan. While you are disabled, the plan also makes contributions to your retirement account and pays to continue your health and survivor coverage. In general, disability insurance policies, including the ELCA plan, begin after the first 60 days of disability and will pay up to two-thirds of defined compensation.

NOTE: For the first 60 days of disability the employer/congregation must continue to pay full salary and benefits contributions, until the disability benefits of the ELCA Pension Plan go into effect. Any period of disability (beginning date, length, and return to active duty) should be based on a physician’s recommendation. It is important to remember that the employee can only apply for disability while they are still employed. To avoid awkward and hardship situations, both for clergy families and for the congregation, congregations may wish to consult with an insurance company to arrange for short-term disability coverage for the first 60 days. Having short-term disability insurance is a benefit to the church as the employer. The annual cost is minimal and may help to avoid being faced with major expenses should a disability occur.

V.

PROFESSIONAL EXPENSES

The following items are considered professional expenses and are the responsibility of the congregation. These costs are not compensation. They are part of the congregation's operating expense.

- A. Auto expenses can be provided for by:
 - 1. Provide an automobile (purchase or lease) and all expenses; or
 - 2. Provide a cents-per-mile allowance (IRS standard business rate is 54 cents per mile for 2016; adjustments may be made throughout the year by the IRS and should be reviewed six months into your fiscal year); or
 - 3. Provide a fixed amount annually, paid monthly. A reasonable beginning point is \$2400 per year. It should be noted that IRS rulings require accountability to the congregation's treasurer for such an allowance. The allowance and rate should be addressed during the year due to expense changes or adjustments to the IRS rate.

- B. Continuing Education
 - 1. The Evangelical Lutheran Church in America expects its professional leaders to have a minimum of fifty (50) contact hours annually in continuing education. Congregations are encouraged to make available to their pastors at least two weeks per year for continuing education. The scheduling of continuing education should be determined by the pastor in consultation with the Mutual Ministry Committee and the Congregation Council. We encourage a minimum of \$1,100 for continuing education (\$250 by the rostered leader and \$850 by the congregation).
 - 2. First Call Theological Education (FCTE)
All persons newly ordained in the Evangelical Lutheran Church in America are required to participate in FCTE for three years. In Region 6, the congregation will cover this expense. It is intended that the FCTE fee be taken from the Pastor's Continuing Education fund. In rare exceptions, this is waived. It is understood to be a requirement for both the congregation and the rostered leader.
 - 3. Synod Assembly and Conference Assemblies, other Synodical events.
Through the letter of call, all pastors and lay rostered leaders are required to attend the Synod Assembly. It is also the responsibility of the congregation to provide the financial support necessary for the pastor to attend the Synod Assembly each year.

4. Other professional expenses such as books, subscriptions to magazines and journals, vestments, and media resources may be handled by establishing a set amount in the budget and paying the expenses as they occur. The annual professional leaders' conference is an official meeting of the synod and should be paid by the congregation but not from the continuing education allowance.
5. An extended study and renewal period (sabbatical) of one to three months after five years of service in the present call is helpful and is recommended by the ELCA. The purpose of such a leave (with full compensation and benefits) is to offer an extended block of time for study, personal growth, and reflection apart from usual congregational responsibilities. A model sabbatical policy is pages 14-15.

VI.

OTHER PROVISIONS

- A. Vacation. Four weeks of vacation is the standard in the church and it includes four Sundays. Vacation use should be documented in Congregation Council Minutes. Vacation shall not normally accrue from one year to the next; however when such accrual does occur, we recommend a maximum of two weeks accrual. All accrued vacation time should be clearly documented in Congregation Council Minutes at the last meeting of the year or the first meeting of the new year.
- B. Sick leave of up to eight (8) weeks per year with full salary, housing and benefits and provision for disability thereafter as coordinated with the congregation and Portico is the minimum recommendation. Sick leave may be taken for the purpose of personal or family illness.

In the event of extended illness, the congregation shall assume the responsibility for providing full salary and benefits for the first eight (8) consecutive weeks of illness, at which time the ELCA Disability Plan as administered through Portico Benefit Services will take effect. It is also recommended that in times of extended illness the congregation contact the synod office for guidance. The congregation is to assume responsibility for pulpit supply during the disability.

Sick leave, Family/Parental leave and vacation benefits will begin January 1 of each calendar year.

Family/Parental Leave:

- Congregations should be sensitive to family needs such as extraordinary illness of children and parents of the rostered leader and negotiate leave time with or without pay for these circumstances. During any parenting leave period, supply pastors are to be paid by the congregation.

- In the event of a death of his or her immediate family (to include spouse, children, parents, stepchildren, stepparents, brother, sister, grandparents, step grandparents, grandchildren, step grandchildren, mother-in-law, father-in-law, or legal guardian), the pastor will be allowed three (3) days, with pay, to attend the funeral and to deal with family affairs.
 - In cases where there is a special need related to circumstances, generally assumed to be the sudden death of an immediate family member or cases requiring extensive travel, up to a total of five (5) working days may be granted in consultation with the Congregation Council. A rostered person desiring additional leave may use vacation time or negotiate to use unpaid leave.
- B. Maternity Leave shall be provided with at least eight (8) weeks at full salary, housing, and benefits. Because of special concerns or needs, additional time may be negotiated by the pastor and the congregation.
- C. Paternity Leave is recommended to new fathers for at least four (4) consecutive weeks with full salary, housing, and benefits. Because of special concerns or needs, additional time may be negotiated by the pastor and the congregation.
- E. Adoptive Parental Leave should be provided immediately following the adoption. At least 8 (maternal) and 4 (paternal) weeks, taken consecutively, are appropriate with full salary, housing and benefits. Because of special concerns and needs, additional time may be negotiated by the pastor and the congregation.
- F. Work Week. Because of the nature of ministry, it is recognized that pastors are expected to fulfill many evening and weekend responsibilities beyond Sunday morning worship. Therefore, adequate time off (at least one and a half days per week) should be granted and encouraged that would be free from ministry-related responsibilities.
- G. A Mutual Ministry Committee is called for in the ELCA Model Constitution for Congregations. Often called a Staff Support Committee, the Mutual Ministry Committee provides for the care of pastors who are called to be our servant leaders. Pastor and People: Making Mutual Ministry Work can be ordered from Augsburg Fortress at www.augsburgfortress.org.
- H. Annual Review. The ministry and compensation package of the pastor should be reviewed on an annual basis by the Mutual Ministry Committee and/or the Congregation Council. The review should be based on conditions of the call, position description, constitution, performance, and personal growth factors by the Mutual Ministry Committee and/or Congregation Council. The review may include other pastors and other rostered leaders on the staff if desired. The areas of special attention for the leader should be used as a resource for the annual review.

- I. Part of the pastor's work is beyond the congregation in the synod and church-wide organization. The scope of this work should be agreed on by the Mutual Ministry Committee, the Congregation Council, and the pastor.
- J. Workers' Compensation. Clergy are covered by Workers' Compensation. Workers' Compensation can provide a satisfactory means of handling occupational disabilities. Workers' Compensation provides sure, prompt, and reasonable income and medical benefits to work-accident victims, or income benefits to their dependents. Contact your insurance provider to make sure that your Workers' Compensation coverage is current and adequate.
- K. In the situation of clergy couple housing, it is expected that each pastor will be compensated fully and separately with salary, housing and benefits. For example:
 - A. Separate congregations, one parsonage - the pastor whose congregation does not have a parsonage would still receive a housing allowance.
 - B. Same congregation, no parsonage, working half time - the couple would receive half compensation packages, including salary and housing.
 - C. Two separate congregations, no parsonage – each congregation will share the housing allowance for the couple equally.
 - D. Same congregation, with a parsonage, serving more than one full-time position - additional housing compensation for the portion of time above one full position should be provided.

L. Severance

The synod Bishop should be consulted whenever the termination of a call is being considered. In situations where a call is terminated by the pastor, Congregation Council, or appointing institution, without another call or other employment being in place, the congregation is encouraged to consider a severance package of two to six months. Unless covered by another employer, medical and pension benefits are to be included as well. Excluded would be any other allowances, e.g. auto, book, education.

M. Moving Expenses

The congregation is responsible for the moving expenses of the pastor they have called. This cost can be significant. (Recent experience indicates that costs could easily be \$8,000 - \$15,000) It is a one-time expense. Some congregations work to set aside a sufficient amount during the pastoral transition. Others have had a special offering to assist with this expense.

QUESTIONS AND ANSWERS

1. *Who decides the compensation for rostered leaders?*
The decision will vary from congregation to congregation. In some congregations, the recommendation is often initially made by a finance committee or the Mutual Ministry Committee. In most congregations, the compensation is finally determined by the Congregation Council. It is appropriate for each member of the Finance Committee, Mutual Ministry Committee and the Congregation Council to have a copy of these salary guidelines so that all may make an informed decision.
2. *Who will be the rostered leader's advocate?* The Mutual Ministry Committee can be an advocate for the leader. Members of the synod's compensation task force can be consulted as well as synod staff.
3. *What will happen if we don't pay our rostered leader at guidelines?* Congregations that pay below the synod guidelines are often faced with sticker shock when they enter the call process for a new pastor. There is a relationship between clergy morale and compensation. In the past, some clergy found they could only receive appropriate compensation by seeking another call.
4. *What can we do if we are not at guidelines and want to move in that direction?* Some congregations develop a plan to be at guidelines over the next two or three years. What plan would work for your congregation? In some situations the finances have been limited. The stewardship committee of the synod can offer resources to assist the congregation and members to become better stewards.
5. *May we pay our rostered leader more than the minimum?* Yes!
6. *My rostered leader has 4 1/2 years of ordained/commissioned service. Does that put him/her in the 3 - 4 or 5 - 6 category?* It would be appropriate for your leader to be paid at the 5 - 6 year level. **Congregations should begin building into the next category over a period of several years rather than trying to make that jump all at once.**
7. *When I add the entire package together, it seems like a lot of money. Does the rostered leader really make that much?* No. In most jobs we do not consider pension, benefits and expenses when we think about how much we make. All of these are not reported on our W-2 forms. It is helpful to break down the package into three categories:
 1. *Compensation.* This is the leader's pay. This is what the leader makes.
 2. *Pension and Benefits.* These are benefits that most of us receive but in most jobs; they are not considered compensation.
 3. *Expenses.* Expenses are costs to the congregation for the leader to do ministry; much like the expenses that a corporation has for the work of an employee.

The definition of compensation and benefits worksheet will be helpful in seeing the breakdown.

8. *How often and when must the congregation act to establish the pastor's housing allowance?* The Congregation Council must officially act annually on a motion to establish a housing allowance, and this figure must be designated at the council's first regularly scheduled meeting of each year. Simply providing the figure in the budget of the congregation is not enough. This provision applies only to pastors who do not live in a congregational parsonage. As clergy housing allowance now stands, the amount of housing allowance that can be excluded from taxable income is always the smallest of the:
1. amount officially designated in advance, as "housing allowance by the pastor's congregation/church organization; or
 2. amount spent for the pastor's primary residence (down payment, mortgage principal and interest, utilities, taxes, insurance, furnishings, maintenance, etc.); or
 3. fair rental value of the pastor's home including furnishings and costs of utilities (owned or rented).
9. *What is the purpose of a sabbatical and what resources are available to assist us in planning?* The word sabbatical comes from the same root as the word Sabbath, which means to cease or to rest. Pastoral ministry is intense work. A sabbatical can be part of the plan to keep pastors fresh and vital over the long haul. Sabbaticals should be mutually planned by pastors, the Mutual Ministry Committee and the Congregation Council. A helpful planning resource is Clergy Renewal: The Alban Guide to Sabbatical Planning (available from the Alban Institute; order resource number AL214; at 1-800-486-1318 or at www.alban.org). See model sabbatical policy on pages 18-19.
10. *What resources are available for compensation planning for lay employees of the congregation?* The Compensation Handbook for Church Staff is available at www.churchlawtoday.com. Click store and look for The 2016-2017 Compensation Handbook for Church Staff.
11. *What are the rates for part time pastoral work?* When a congregation contracts for the services of a pastor on a part time basis, the recommended compensation is \$25-\$35 per hour plus expenses (meals and mileage, according to IRS rates) depending on the pastor's experience and the specific needs of the congregation.
12. *What are the guidelines for supply pastors?* Compensation for Sunday supply preaching should be paid on the day of service as follows: One worship service at \$200 with \$50 for each additional Sunday service. An additional service that is not on Sunday will be \$150 with \$50 for each additional service on that day. The supply preacher is to be reimbursed for travel expenses (according to IRS rates), lodging and meals.
13. *Should we be providing our pastor with the self-employment social security allowance?* Yes! Our employers pay half of the social security tax for us. It is appropriate that our pastors also receive this same benefit.

**Definition of Compensation and Benefits Worksheet
Housing Allowance (No Parsonage)**

A. Compensation

- | | | |
|----|--|---------|
| 1. | Base Salary | \$_____ |
| 2. | Housing Allowance | \$_____ |
| 3. | Self-employed social security payment allowance (add base salary and housing then multiply by .0765) | \$_____ |
| | <i>Total defined compensation</i> | \$_____ |

B. Pension and other Benefits—calculator found at www.porticobenefits.org

- | | | |
|----|--|---------|
| 1. | ELCA Retirement (self-funded 403b account) at _____% of defined compensation | \$_____ |
| 2. | ELCA medical and dental insurance at _____% of defined compensation | \$_____ |
| 3. | Disability, survivor & retiree support at _____% of defined compensation | \$_____ |
| | <i>Total pension and benefits</i> | \$_____ |

C. Professional Expenses

- | | | |
|----|--|---------|
| 1. | Auto and travel allowance | \$_____ |
| 2. | Other professional expenses | \$_____ |
| 3. | Expenses for official meetings | \$_____ |
| 4. | Continuing education (\$850 minimum recommended) | \$_____ |
| | <i>Total professional expenses</i> | \$_____ |

Definition of Compensation and Benefits Worksheet Housing (Parsonage Provided)

Compensation

- | | | | |
|----|--|----------|----------|
| 1. | Base salary | | \$ _____ |
| 2. | Self-employment social security payment allowance | | \$ _____ |
| 3. | Housing equivalency (add base salary and self-employment social security tax <u>then</u> multiply by .03 | | |
| | Base salary | \$ _____ | |
| | Social security allowance (.0994) + | \$ _____ | |
| | Total | \$ _____ | |
| | Multiply by | .03 | |
| 3. | Housing equivalency | \$ _____ | \$ _____ |
| | <i>Total defined compensation (add 1, 2, 3 from above)</i> | | \$ _____ |

Pension and Other Benefits—calculator found at www.porticobenefits.org

- | | | | |
|----|--|--|----------|
| 1. | ELCA Retirement (self-funded 403b account) at ____% of defined compensation | | \$ _____ |
| 2. | ELCA Medical and Dental plan at ____% of defined compensation | | \$ _____ |
| 3. | ELCA disability, survivor and retiree support at ____% of defined compensation | | \$ _____ |
| | <i>Total pension and benefits</i> | | \$ _____ |

Professional Expenses

- | | | | |
|----|--|--|----------|
| 1. | Auto and travel allowance | | \$ _____ |
| 2. | Other professional expenses | | \$ _____ |
| 3. | Expenses for official meetings | | \$ _____ |
| 4. | Continuing education (\$850 minimum recommended) | | \$ _____ |
| | <i>Total professional expenses</i> | | \$ _____ |

Model Congregational Sabbatical Policy Southeast Michigan Synod

Introduction

It is important for both the congregation and the rostered leaders (pastors, associates in ministry, and diaconal ministers) to realize the importance of the leader's life-long continuing education through workshops, seminary courses and personal study. We have long been encouraged to provide time and financial assistance to enable pastors and other rostered leaders to maintain and improve their skills. From time to time, however, it is very beneficial to the pastor, associate in ministry or diaconal minister and the congregation for there to be an extended period of time for study, personal growth and renewal without the demands of daily parish responsibilities. That extended time is called a sabbatical. Experience has shown that the congregation's ministry directly benefits from such study, growth, and renewal. Long-term ministry is revitalized and stimulated. The congregation, as well as the rostered leader, benefits from implementing a sabbatical policy.

Purpose

A sabbatical leave is granted to provide an opportunity for a rostered leader to take an extended period of time for renewal, enrichment, study, spiritual growth, travel, skill development and research.

Eligibility

- Any full time rostered leader.
- A sabbatical may be taken after every 5 full years of service in the present call.

Duration

- A sabbatical will normally be for three months (including the two continuing education weeks normally granted).
- Vacation is not included as sabbatical time.
- The sabbatical leave may be split into two blocks of time. Both shall be taken within a twelve-month period.

Cost to the Congregation

- The congregation will continue to pay full salary and benefits (base salary, housing allowance, pension and insurance coverage). Car allowance will not be paid during the sabbatical time.
- Accrued continuing education dollars can be used for the educational costs of the sabbatical - limited to an accrual of three years.
- The congregation will need to provide additional leadership support and service during the sabbatical time such as guest preachers for Sunday worship, teaching, leading the liturgy, confirmation camp, new member classes, visitation, funerals, weddings, etc.
- The congregation is not responsible to fund the sabbatical in any other way. However, the congregation may consider gifting as a means of providing financial assistance.

Planning

- Planning should begin the calendar year before the sabbatical so the congregation and rostered leaders can plan for financial and ministry adjustments.
- The rostered leader is expected to provide an outline of the planned use of the sabbatical time to the Mutual Ministry Committee. Working with this committee the rostered leader will develop and present to the Congregation Council the proposed sabbatical leave.
- The Southeast Michigan Synod can be contacted as a resource when planning the sabbatical.

Commitments following the sabbatical

- The rostered leader will submit a report of the sabbatical time and share the learning and experiences with the congregation.
- The pastor is expected to remain at least one additional year in the parish following the sabbatical.
- The Mutual Ministry Committee along with the Congregation Council shall evaluate the benefits and costs of the sabbatical as a basis for planning future sabbaticals.

*This document should be distributed to the Mutual Ministry Committee
and the Congregation Council.*

Housing Allowance Resolution

(Congregational Council Minutes)

In order to permit _____ (Name of Pastor) _____ to benefit from the provisions of Section 107 of the Internal Revenue Code of 1954, the Council specifies that the total compensation paid to her/him during the calendar year ending _____ (Subsequent Year) _____ includes a housing allowance. _____ (Name of Pastor) _____ estimates that she/he will spend \$_____ during the year for housing expenses. Since such approval by the Council would permit her/him to deduct that amount from her/his taxable income and has no further effect upon our congregation or budget, it was **RESOLVED**, that the total compensation of \$_____ (Amount) _____ paid to _____ (Name of Pastor) _____ include a housing allowance of \$_____.

Signature

Title

Date

(The above resolution should be included in the minutes of the Congregational Council prior to January 1 of each year. A copy should be made, signed and titled by the president or secretary of the congregation, and given to the pastor(s) for his/her records.)